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ABSTRACT

Written for students participating in the Close Up government studies program, a week-long field experience in Washington, D.C., the readings in this booklet may be incorporated into social studies units on government, political science, or current events. Following an introduction to members of the Reagan Administration and the Supreme Court and to the key issues of the 98th Congress and the 1983 budget, the booklet is divided into 2 sections. Section 1, focusing on domestic policy issues, includes readings on the economy, environment, education, social welfare, civil rights, energy, urban problems, crime, transportation, agriculture, and immigration. Readings in section 2, foreign policy issues, cover the Soviet Union, defense, nuclear proliferation, international trade, world poverty and U.S. foreign aid, Western Europe, Central America and the Caribbean, China, the Arab-Israeli conflict, South Africa, and Namibia. Each reading selection includes the following components: an introduction to the issue; a list of key questions to focus reading; background, current issues, and future outlook on the issue; and a brief debate on the pros and cons of one key question raised in the reading. (LP)

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Current Issues

1983/84 Edition

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Written by
Bruce James

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Preface

Perhaps every age seems the most difficult to those who live in it. But it is hard even to imagine a time more challenging than the present. After decades of steady growth, the economy flounders. Which remedies will work? Nuclear weapons of awesome capability spread across the globe. How can we stop nuclear proliferation? The machines of industry spoil the environment. How can we balance environmental protection with industrial growth? The questions allow no easy answers.

Today we are bombarded with an unprecedented amount of information about issues. Unfortunately, most of the information is intended to convince or entertain, not to inform. *Current Issues* takes a different approach. In twenty-one articles—eleven about domestic issues, ten about foreign policy issues—it seeks to inform interested readers about the important concerns of our time. Each article provides basic background information, identifies key questions, and gives arguments for both sides of the issue.

Nothing is more important to our democratic system than informed participation in the political process. It is our hope that *Current Issues* helps inform that participation.

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INTRODUCTION

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Names in the Reagan Administration

THE PRESIDENT

Ronald Reagan, seventy-two, entered politics only after many years as a television and movie actor. Once a liberal Democrat, Reagan became active in Republican politics during the 1964 presidential campaign of Barry Goldwater.

In 1966 Reagan was elected governor of California, his first public office, and then was reelected in 1970. After retiring from the governorship, he became a leading spokesman for the conservative wing of the Republican party and narrowly lost the 1976 Republican presidential nomination to incumbent Gerald Ford. After defeating Jimmy Carter in 1980, Reagan followed through with his promises to cut taxes, slow the growth of government, and increase defense spending.

VICE PRESIDENT

George H. Bush, fifty-nine, has been a congressman from Texas, a United Nations ambassador, an envoy to Beijing, and the director of the Central Intelligence Agency. He advises the president on national security issues, heads the White House Special Situation Group, and chairs a task force to reduce bureaucratic regulations. Last winter Bush traveled around the globe to speak with world leaders on behalf of the president.

SECRETARY OF AGRICULTURE

John R. Block, forty-eight, is the owner of a three-thousand-acre farm and a former Illinois agriculture official. Block designed a program that encourages farmers to cut back on production by permitting them to sell federally owned surplus grain in its place.

SECRETARY OF COMMERCE

Malcolm Baldrige, sixty, took a small Connecticut brass factory and turned it into the billion-dollar Scovill Inc. Baldrige believes other small American industries can also grow and flourish. To help American businesses, Baldrige has led battles to cut regulations and to protect American businesses from unfair foreign competition.

SECRETARY OF DEFENSE

Caspar W. Weinberger, sixty-six, is well known for his budget cutting as chairman of the Federal Trade Commission; director of the Office of Management and Budget; and secretary of health, education, and welfare under President Nixon. As secretary of defense, however, Weinberger has persistently lobbied the president for increases in the defense budget and has taken a major role in foreign policy decisions.

SECRETARY OF EDUCATION

Terrel H. Bell, sixty-one, served as Utah's chief state school officer and as U.S. commissioner of education under former presidents Nixon and Ford. He originally supported the creation of the Department of Education but now is working to turn his department into an independent, government-supported foundation like the National Science Foundation.

SECRETARY OF ENERGY

Donald P. Hodel, forty-eight, replaced James Edwards as secretary of energy in November 1982. Hodel has served as undersecretary of the interior, has substantial experience in the energy field, and is known as a solid administrator. Like his predecessor, Hodel is committed to merging his department with the Department of Commerce; however, he has promised not to dismantle the agency through administration actions.

SECRETARY OF HEALTH AND HUMAN SERVICES

Margaret M. Heckler, fifty-two, succeeded Richard S. Schweiker, who resigned in January 1983. Heckler was a U.S. representative from Massachusetts from 1966 until 1982. She supported legislation on behalf of consumers, women, and Vietnam veterans. On some issues, such as the Equal Rights Amendment and abortion, she has opposed the president. Heckler heads the largest Cabinet agency, which includes many programs that face further budget cuts.

SECRETARY OF HOUSING AND URBAN DEVELOPMENT

Samuel R. Pierce, Jr., sixty, was a senior partner of a major New York law firm and a former New York Supreme Court justice. He was the first black to serve as assistant to the undersecretary of labor and was also appointed general counsel to the Department of the Treasury by President Nixon. Pierce successfully fought to save Urban Development Action Grants from elimination and is an advocate of tax-exempt urban development zones and housing vouchers for the poor.

SECRETARY OF THE INTERIOR

James G. Watt, forty-five, served as deputy assistant secretary of the interior in the Nixon and Ford administrations. More recently, he was president of the Mountain States Legal Foundation in Denver, which challenged government restrictions on land development in the West. Watt has advocated relaxing environmental regulations and accelerating development of energy, mineral, and timber resources on public lands.

SECRETARY OF LABOR

Raymond J. Donovan, fifty-three, was executive vice president of Schiavone Construction Co. of New Jersey. A former Democrat, he raised funds for Ronald Reagan in 1979 and served as chairman of the Reagan-Bush campaign in New Jersey in 1980. Known as a highly skilled negotiator, Donovan helped negotiate a settlement in the 1981 baseball strike.

SECRETARY OF STATE
George P. Shultz, sixty-two, replaced Alexander Haig as secretary of state after Haig's resignation in June 1982. Shultz was a leading figure in the Nixon administration, serving as secretary of labor, director of the Office of Management and Budget, and secretary of the treasury. More recently, Shultz served as president of the Bechtel Group, Inc., an engineering company with business around the world. Shultz has taken a great interest in world economic issues and has also advised the president on domestic economic problems.

SECRETARY OF TRANSPORTATION
Elizabeth H. Dole, forty-seven, replaced Drew Lewis as secretary of transportation after his resignation in December 1982. Dole, who is the wife of Senator Robert Dole, had been an assistant to the president responsible for meeting with special interest groups. Dole's most pressing tasks in the Department of Transportation will be overseeing implementation of the administration's highway improvement program and the new gas tax increase.

SECRETARY OF THE TREASURY
Donald T. Regan, sixty-four, joined the Reagan team as a former chairman of Merrill Lynch & Co., the largest brokerage firm in the nation. He is also a former director of the New York Stock Exchange. Regan, an eloquent spokesman for the administration's economic policies, has campaigned vigorously for budget cuts to reduce the federal deficit.

ATTORNEY GENERAL
William French Smith, sixty-six, was President Reagan's personal attorney for fifteen years as a senior partner of the Los Angeles law firm Gibson, Dunn & Crutcher. A specialist in labor law, he has served on the boards of directors of several large corporations. Smith advocates stronger law enforcement measures and has sought more money for these efforts.

DIRECTOR OF THE CENTRAL INTELLIGENCE AGENCY (CIA)
William J. Casey, seventy, was formerly chairman of the Securities and Exchange Commission, undersecretary of state for economic affairs, and president of the Export-Import Bank. He also served as London chief of the Office of Strategic Services. Casey has worked to improve morale at the CIA and to strengthen its credibility both on Capitol Hill and throughout the nation.

DIRECTOR OF THE OFFICE OF MANAGEMENT AND BUDGET
David A. Stockman, thirty-six, is a former director of the House Republican Conference and a two-term U.S. representative from Michigan. The youngest person ever to serve as director of the Office of Management and Budget, Stockman is responsible for finding ways to reduce the federal budget deficit. He is regarded as the chief architect of the president's economic plan.

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AMBASSADOR TO THE UNITED NATIONS

Jeane J. Kirkpatrick, fifty-six, is the sole Democrat in the Reagan Cabinet. A former professor of political science at Georgetown University and an authority on Latin America, Kirkpatrick is a firm believer in supporting anti-communist regimes in Central America. At the UN she has been recognized as an outspoken defender of the administration's policies.

WHITE HOUSE CHIEF OF STAFF

James A. Baker III, fifty-three, served as the presidential campaign manager of Gerald Ford in 1976 and George Bush in 1980. In his current role Baker is responsible for congressional and press relations, administration, and the White House personnel office. Although a solid conservative, Baker is also a pragmatist who puts management before ideology. He, Edwin Meese, William Clark, and Michael Deaver are considered the most influential of Reagan's advisors.

COUNSELOR TO THE PRESIDENT

Edwin Meese III, fifty-one, a former San Diego lawyer and law professor, has had a long association with Reagan. During Reagan's two terms as governor of California and throughout the presidential campaign, Meese served as chief of staff. As counselor to the president, he supervises the Cabinet and the domestic policy staff.

DEPUTY CHIEF OF WHITE HOUSE STAFF

Michael K. Deaver, forty-five, was president of Deaver and Hannaford, Inc., a Los Angeles-based public relations firm. Deaver is also a long-time personal friend of President Reagan's. A key White House political strategist, Deaver advises the president of the political consequences of policy options.

NATIONAL SECURITY ADVISOR

William P. Clark, fifty-one, was promoted from his position as deputy secretary of state when Richard Allen resigned. A former chief of staff to then governor Reagan and later a Reagan-appointed California Supreme Court justice, Clark is assumed to have direct access to the president. Although he had had limited experience in foreign affairs, Clark rapidly grew into his new role. He has emerged as one of the president's most trusted advisors.

UNITED STATES TRADE REPRESENTATIVE

William E. Brock III, fifty-one, served his native state of Tennessee as a U.S. representative from 1963 to 1971 and as a U.S. senator from 1971 to 1977 before serving as Republican National Committee chairman from 1977 to 1981. As the U.S. trade representative, he has encouraged American businesses to export more of their products, and he has been very successful in getting the Japanese to limit auto exports to the United States and to relax restrictions on some American products.

PRESS SECRETARY

James Brady, forty-three, is a native of Illinois who has made a career of press relations, having worked for the late Senator Everett Dirksen, the Office of Management and Budget, the Pentagon, Senator William Roth, and former presidential candidate John Connally. Shot in the head by a stray bullet during the assassination attempt on the president in March 1981, Brady is confined to a wheelchair, yet he still comes to work once a week. Day-to-day press functions are handled by Assistant Press Secretary Larry Speakes and Communications Director David Gergen.

The Supreme Court

Justice	**Appointed By**	**Year**
William J. Brennan, Jr.	Eisenhower	1956
Byron R. White	Kennedy	1962
Thurgood Marshall	Johnson	1967
Warren E. Burger*	Nixon	1969
Harry A. Blackmun	Nixon	1970
Lewis F. Powell, Jr.	Nixon	1972
William H. Rehnquist	Nixon	1972
John Paul Stevens	Ford	1975
Sandra Day O'Connor	Reagan	1981

*Chief Justice of the United States

The Ninety-eighth Congress

In late 1981 the press was reporting that Speaker of the House Thomas P. O'Neill, Jr., (D-Mass.) was tired of politics and depressed over his party's frequent defeats at the hand of President Reagan, and that he was therefore thinking of retirement. Although the Democrats controlled the House of Representatives by a 244 to 191 advantage, President Reagan had managed to convince from forty to seventy conservative Democrats to vote for his economic package. With the Republicans in control of the Senate for the first time since 1955, the Democrats were powerless to stop the president's program of reduced social welfare spending, increased defense spending, and large tax cuts, especially for the wealthy. But things are much different now. The seventy-year-old O'Neill is very happy in his job and is planning his 1984 campaign.

Two things happened that changed O'Neill's spirits. First the president's coalition of Republicans and conservative Democrats collapsed when economists (correctly) predicted soaring budget deficits. In 1982 the president asked Congress to pass "revenue enhancements"—tax increases—in order to limit the size of the deficit. That decision alienated conservatives, who were opposed to tax increases on principle. The tax increases passed, but only by a very narrow margin.

The second event was the 1982 election, which the Democrats portrayed as a referendum on President Reagan. Although the Democrats gained no ground in the Senate, they made substantial gains in the House, where they now have a 268-167 advantage. For O'Neill that means the president will have difficulty passing any legislation without the input of the House Democratic leadership.

The agenda for the Ninety-eighth Congress will be a heavy one with economic issues at the top of the priority list. The "must" bills are the budget resolution, and authorization and appropriations for all government agencies. Congress has already addressed the financial problems of the Social Security system, which had begun to borrow money to pay out benefits and which could have had a deficit as high as $200 billion by 1989. Other legislation certain to be considered includes a bill to limit automobile imports; an immigration reform bill; a bill to create jobs and stem high unemployment; constitutional amendments to ban abortions, permit prayer in schools, and ban busing; and legislation to speed up deregulation of natural gas. Each of these bills must be handled delicately if it is to pass. When the immigration and auto import restriction bills were considered late in the last Congress, they deeply divided both parties and failed to pass in a form acceptable to both houses. Any of the other bills could further fracture traditional alliances and make passage of meaningful legislation all but impossible.

WHO'S WHO IN THE NINETY-EIGHTH CONGRESS

SENATE

Leaders

President Pro Tempore—Strom Thurmond (R-S.C.)
Majority Leader—Howard H. Baker (R-Tenn.)
Majority Whip—Ted Stevens (R-Alaska)
Minority Leader—Robert C. Byrd (D-W.Va.)
Minority Whip—Alan Cranston (D-Calif.)

Committee Chairmen

Agriculture, Nutrition, and Forestry—Jesse Helms (R-N.C.)
Appropriations—Mark O. Hatfield (R-Ore.)
Armed Services—John Tower (R-Texas)
Banking, Housing, and Urban Affairs—Jake Garn (R-Utah)
Budget—Pete V. Domenici (R-N.M.)
Commerce, Science, and Transportation—Bob Packwood (R-Ore.)
Energy and Natural Resources—James A. McClure (R-Idaho)
Environment and Public Works—Robert T. Stafford (R-Vermont)
Finance—Robert Dole (R-Kan.)
Foreign Relations—Charles H. Percy (R-Ill.)
Governmental Affairs—William V. Roth (R-Del.)
Intelligence—Barry Goldwater (R-Ariz.)
Judiciary—Strom Thurmond (R-S.C.)
Labor and Human Resources—Orrin G. Hatch (R-Utah)
Rules and Administration—Charles McC. Mathias, Jr. (R-Md.)
Small Business—Lowell P. Weicker (R-Conn.)
Special Committee on Aging—John Heinz (R-Pa.)
Veterans' Affairs—Alan K. Simpson (R-Wyo.)

HOUSE OF REPRESENTATIVES

Leaders

Speaker of the House—Thomas P. O'Neill, Jr. (D-Mass.)
Majority Leader—James C. Wright, Jr. (D-Texas)
Majority Whip—Thomas S. Foley (D-Wash.)
Minority Leader—Robert H. Michel (R-Ill.)
Minority Whip—Trent Lott (R-Miss.)

Committee Chairmen

Agriculture—Eligio de la Garza (D-Texas)
Appropriations—James L. Whitten (D-Miss.)
Armed Services—Melvin Price (D-Ill.)
Banking, Finance, and Urban Affairs—Fernand J. St. Germain (D-R.I.)
Budget—James R. Jones (D-Okla.)
District of Columbia—Ronald V. Dellums (D-Calif.)
Education and Labor—Carl D. Perkins (D-Ky.)
Energy and Commerce—John D. Dingell (D-Mich.)
Foreign Affairs—Clement J. Zablocki (D-Wis.)
Government Operations—Jack Brooks (D-Texas)
House Administration—Augustus F. Hawkins (D-Calif.)
Intelligence—Edward P. Boland (D-Mass.)
Interior and Insular Affairs—Morris K. Udall (D-Ariz.)
Judiciary—Peter W. Rodino, Jr. (D-N.J.)
Merchant Marine and Fisheries—Walter B. Jones (D-N.C.)
Post Office and Civil Service—William D. Ford (D-Mich.)
Public Works and Transportation—James J. Howard (D-N.J.)
Rules—Claude Pepper (D-Fla.)
Science and Technology—Don Fuqua (D-Fla.)
Small Business—Parren J. Mitchell (D-Md.)
Standards of Official Conduct—Louis Stokes (D-Ohio)
Veterans' Affairs—G.V. "Sonny" Montgomery (D-Miss.)
Ways and Means—Dan Rostenkowski (D-Ill.)

The Budget, 1983

Each year Congress, like most families and businesses, must work out a budget of expenses and anticipated revenues with which it can live. Decisions have to be made about how much money will be spent and what it will be spent for: how much for defense, how much for health care, and how much for the thousands of other federal programs. The completed budget indicates which programs Congress believes are most important. For years the top national priority, as reflected in the budget, was defense. But in the last decade Congress has placed greater emphasis on giving aid to individuals in the form of food stamps, low-cost medical care, Social Security pensions, and job training programs. Spending for these domestic programs doubled during the 1970s while defense spending declined slightly.

President Reagan has been a strong critic of that trend. His fiscal year 1982 (FY 1982) budget reflected his desire to stop the rapid growth of the federal budget and the budget deficit, shift the responsibilities for many programs from the public sector to the private sector, lower taxes, and increase defense spending. He believed his budget and its new set of priorities would stimulate the economy, decrease the budget deficit, and make America stronger. In 1981 and 1982, after weeks of intense, emotion-packed debate, both houses of Congress agreed to most of the president's proposed budget cuts and a 25 percent tax cut spread out over three years.

In 1983 Congress was unwilling to go along with all parts of the president's $857 billion, FY 1984 budget proposal, which called for more cuts in domestic spending, a 10 percent increase in defense spending, and no major tax increases.

Congress was concerned that the president's two previous budgets had not resulted in economic growth. The tax cuts had merely reduced the revenues the government would have received, and the savings gained by cutting domestic spending had not offset the large increases in defense spending. The result was that the budget deficit—the amount by which spending exceeds revenue—went beyond the $100 billion mark for the first time in FY 1982 and is expected to be more than $200 billion by the end of FY 1983. The president's FY 1984 budget proposed a deficit of $190 billion.

The Senate and the House both voted for budget recommendations that attempted to create smaller deficits than did the president's budget. Their budget bills included a program of higher taxes, smaller increases in defense spending, and more spending for domestic programs, especially education and job programs. A conference committee composed of senators and representatives worked out the differences between the Senate and House versions of the budget and came up with a compromise $858.9 billion budget. Despite protests from the president, both houses of Congress quickly approved the budget resolution.

The compromise budget represents a defeat for the president, who had previously used the congressional budget process to put his policies into effect. The president, who cannot veto a congressional budget resolution, condemned the compromise budget, arguing that its tax increases would reverse the recovery and that the smaller 5 percent increase in defense spending would "shortchange" the administration's defense "rebuilding" program. The president promised to veto any spending or tax bills violating the principles of his proposed budget.

Although Congress has demonstrated its independence from the White House with the passage of its own budget, its members can expect a tough fight as the president employs his veto threat against tax and spending bills.

The Federal Budget

Below are: (a) The actual figures for spending in fiscal year (FY) 1982 (which began October 1, 1981, and ended September 30, 1982); (b) White House estimates of how much will have been spent in FY 83; (c) Congressional Budget Office "baseline" figures which estimate how much existing programs will cost in FY 84 after including increases for inflation; (d) the president's proposed FY 84 budget (revised in April 1983); and (e) the compromise FY 84 budget agreed upon by the House and the Senate. The figures below are for broad categories that include many programs. Income Security, for example, includes such programs as Social Security, Food Stamps and Unemployment Compensation.

Category	FY82 actual	FY83 est.	FY84 CBO baseline	FY 84 Reagan request	FY84 House-Senate compromise
			(in billions of dollars)		
National Defense	187.40	214.70	244.70	245.40	240.00
International Affairs	10.00	11.95	12.40	13.40	12.95
Science, Space, & Technology	7.05	7.75	7.95	8.20	8.30
Energy	4.65	4.50	4.05	3.60	4.30
Natural Resources & Environment	12.95	12.10	11.75	10.30	12.50
Agriculture	14.90	21.05	13.50	9.70	12.10
Commerce and Housing Credit	3.85	1.95	1.70	0.90	2.45
Transportation	20.55	21.90	25.85	25.90	26.00
Community & Regional Development	7.15	7.35	7.90	7.70	8.22
Education, Training, Employment, and Social Services	26.30	26.70	27.00	25.30	31.85
Health	74.00	82.35	92.65	90.60	94.60
Income Security	248.35	282.45	284.35	276.50	280.70
Veterans Benefits	23.95	24.40	25.50	25.60	25.60
Administration of Justice	4.65	5.25	5.40	5.50	5.85
General Government	4.75	5.80	5.40	6.00	5.60
General Purpose Fiscal Assistance	6.40	6.40	7.00	6.80	7.15
Net Interest	84.70	88.95	96.10	102.30	98.00
Allowance	—	—	1.75	0.90	0.80
Undistributed Offsetting Receipts	−13.25	−20.40	−17.40	−20.80	−18.05
Totals					
Budget Outlays	728.35	808.50	857.55	843.90	858.92
Revenues	617.80	598.30	653.90	653.70	679.60
Deficit	−110.60	−210.20	−203.65	−190.20	−179.32

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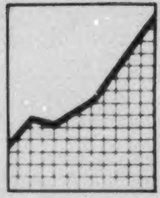
DOMESTIC POLICY ISSUES



The Economy

After four long years of economic recession, the economy finally made a turn toward recovery in the first half of 1983. The three factors that aided the recovery were lower inflation, lower oil prices, and lower interest rates. President Reagan proudly proclaimed that these factors had been strongly influenced by his economic policies of tax cuts, decreased regulatory control, and cuts in domestic spending. Many economists and critics of the administration disagree, however. Some economists point out that a recovery was inevitable, given natural economic forces. Besides denying the Reagan administration credit for the recovery, the administration's critics charge that Reagan's policies actually made the recession deeper, longer, and more painful for Americans than it would have been otherwise.

Whether the administration's policies improved the economy or made it worse may be academic. Now Congress and the president are searching for ways to ensure economic expansion and to prevent high rates of inflation or a new period of recession. But according to many analysts, there are still three major obstacles to sustained business growth: monetary policy (which plays a major role in determining interest rates and controlling inflation), the budget deficit (which is more than double that of any previous administration), and the weakness of international trade.

Even with a strong recovery, economists expect the unemployment rate to remain high. During the recession many companies permanently closed some of their obsolete factories or replaced workers with industrial robots. Blue collar unemployment may worsen yet as more and more old-line manufacturers begin to change their businesses entirely, conceding the market in such basic "smokestack" industries as steel, shipbuilding, rubber, and autos to the Japanese and to newly industrialized nations that have lower labor costs than American companies, and leaping into new high-technology fields, probably without their former semi-skilled employees.

There is a widespread opinion among business leaders and economists that the switch from smokestack industries to "high-tech" is good for the country and should be accelerated. Some economists argue that to do this, America desperately needs a long-term plan for business growth in the high-tech era, as the Japanese have. The details of such a plan would include the targeting of specific industries with long-term potential, the appropriation of federal dollars to supplement private technological research, and the institution of long-range planning in cooperation with labor, business, and schools. Such an approach would ensure that the country will have enough scientists, engineers, computer specialists, and highly educated blue collar workers to produce high-tech products. This type of plan, however, would require a major reevaluation of our bias toward the domestic free market system and our traditional opposition to government intervention in the private sector.

KEY QUESTIONS:

- Will reducing the budget deficit lower interest rates?
- Should taxes be increased to decrease the budget deficit?
- Should fighting inflation be a higher priority than stimulating jobs and productivity?
- Should the United States develop a long-term industrial policy?

BACKGROUND: Complex Problems

Inflation—Simply stated, inflation is a substantial and continuing rise in prices. The higher the rate of inflation, the faster prices are rising. Inflation has been a fact of life in the United States for some time. As a result, the dollar does not buy as much as it once did. Today it costs nearly three dollars to buy the same amount of goods or services one dollar would buy in 1967.

Until the 1970s the rate of inflation was relatively low, and prices rose slowly. This was called "creeping inflation." By 1980 the inflation rate was more than 12 percent. Although the inflation rate dropped to less than 4 percent in 1982, many economists and businessmen and women fear that "double digit inflation" will return once interest rates come down and may be with us for some time.

Inflation lowers the standard of living of those whose income does not keep pace with inflation. Elderly citizens on a fixed income, teachers, military personnel, and non-unionized workers, among others, have all lost real income in the past few years. High inflation also encourages people to buy on credit and to forego saving money. Why save money when it will buy less later? The economy suffers when people do not save money, however. With reduced savings, people have less money to invest in new homes, businesses, and equipment.

Unemployment—The "rate of unemployment" refers to the percentage of able-bodied Americans who want to work but cannot find jobs. Because there are always people between jobs, the unemployment rate is never zero. In an economy with "full employment," approximately 4 percent of the employable population is looking for work, according to many economists.

Through most of the Carter administration the unemployment rate hovered between 6 and 7 percent. But in the first half of 1980, unemployment jumped almost 2 percentage points to nearly 9 percent, and by the end of 1982 it had reached almost 11 percent, the highest rate since World War II. In addition, many unemployed workers had given up looking for work and as a result were not counted in the unemployment statistics. This increase reflected the recession, a general slowdown in the economy. During a recession, the demand for goods and services drops, forcing companies to lay off workers until warehouses are empty again and the demand for products has increased. By April 1983, however, the upturn in the economy had reduced the unemployment rate, somewhat, to 10.1 percent.

Unemployment hits some groups harder than others. Blacks are much more likely to be unemployed than whites; females are more likely to be unemployed than males; and teenagers are about twice as likely as adults to be unemployed. Black teenagers are the most frequently unemployed group; in some communities as many as 50 percent are without work.

Large Budget Deficits—Our government will spend approximately $808 billion during fiscal year 1983 (which began in October 1982). During FY 1983 the government expects to collect approximately $598 billion (possibly less) in taxes and other revenues. The difference between the two figures, approximately $210 billion, is the expected deficit for FY 1983, the largest budget deficit in American history. The budget deficit has grown dramatically in the last three years because: (1) during the recession, individuals and companies earned less and subsequently paid less in taxes; (2) overall government spending has not decreased, primarily because increases in defense spending have offset decreases in domestic spending; and (3) the Reagan economic program cut taxes 25 percent over a three-year period, beginning in 1981.

A common misconception is that to pay for a budget deficit, the government simply prints more money, adding to the overall money supply. However, although budget deficits do spur inflation, they do so in a different way. When the government spends more than it collects, it must compete with the private sector to borrow money. To get the cash the government offers private lenders higher interest rates, raising the price others must pay to borrow money. Economists disagree about the impact deficit spending has on inflation, but most agree that it plays an important role.

Government Regulations—Government regulations have made cars safer and less polluting, and food less likely to be contaminated. But regulation costs money. Regulations force businesses to do extra work, increasing their costs and therefore often increasing the price of their products. For example, federal air quality laws force auto manufacturers to add anti-pollution devices that raise the price of their cars. But proponents of regulation note that safety and anti-pollution regulations save money by decreasing medical and insurance costs for millions of Americans. Other regulations, such as banking regulations, help save money by limiting the opportunity for fraud.

The Recession—A recession is defined as a period during which the Gross National Product (GNP), the total amount of goods and services produced, declines. During most of 1981 and 1982 the economy was in a major decline, shrinking at the rate of 5.3 percent in the last three months of 1981 and at the rate of 5.1 percent in the first quarter of 1982. When the GNP is stagnant or shrinks, as it did in 1981 and 1982, the result is often high unemployment and declines in real income. The recession is generally considered over now. In the first three months of 1983 the GNP rose 3.1 percent, and it is expected to grow even more through the remaining months of the year.

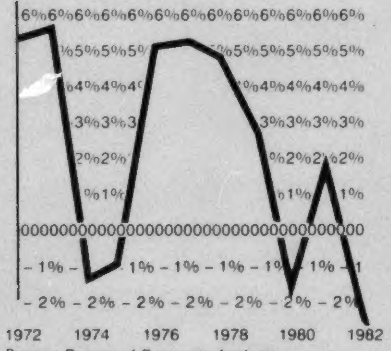
Productivity—Many economists blamed the recession on slow growth in productivity. New, more efficient machinery and technological advances have always enabled American workers to produce more with the same amount of work. But in recent years these advances have come less and less frequently. Now the average American worker actually produces less than workers in several other countries, most notably Japan.

The problem is that America has not invested enough in new technology and more efficient machinery. Compared to countries like West Germany and Japan, we invest only a small percentage of our GNP. Several reasons have been cited for this. First, Americans do not save enough of their earnings to invest. Second, many corporations spend their profits to purchase other companies rather than to develop new ideas and equipment. A third reason involves the structure of large corporations in America. American corporations are owned by many stockholders, most of whom are investors interested only in short-term profits. As a result, corporate managers, unlike owners of private businesses, may be more concerned with showing a profit in the short run than with foregoing profits for future growth.

The slow growth in productivity has made it difficult for American industries to compete with more efficient foreign companies. Such industries as automobile manufacturing and steel refining have lost large shares of their markets to foreign competitors and have been forced to lay off thousands of workers. Some manufacturing industries are trying to increase productivity, however, by retooling their factories, installing industrial robots to do tedious work on assembly lines. But executive officers of other industries, notably steel refining and the tire and rubber industries, have concluded that the cost of modernizing their factories would be too high and have decided to close down their factories, conceding defeat to the foreign imports.

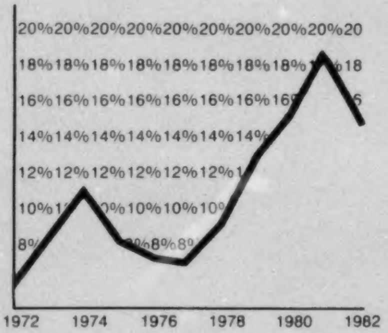
High Energy Costs—The rapid rise in energy prices during the 1970s, particularly prices of imported oil, contributed substantially to inflation. In 1970 a barrel of oil cost about $1.50 on the world market; it now costs between $25 and $30. Before American domestic oil drilling picked up and the market was glutted with foreign oil, the price of oil was as high as $40 a barrel. Higher energy prices raised the cost of making everything else, since energy is required for making steel, building cars, and transporting products to market. At every

Annual Increase of the Gross National Product
(based on constant 1972 dollars)



Source: Bureau of Economic Analysis

Interest Rates
(Prime rate charged by banks to their commercial customers)



Source: Federal Reserve Board

stage of production, high energy prices drove up the price of the product.

In the past year, however, the price of oil has decreased, primarily because of a surplus of oil on the market. Cheaper oil has been largely responsible for a lower rate of inflation and for the economic recovery. (For more information, see the article about energy.)

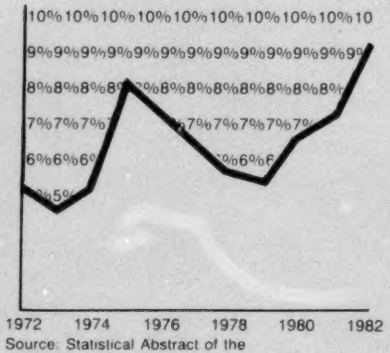
The Decline of Heavy Industry—For most of this century heavy industries—steel refining, shipbuilding, auto manufacuting, tire manufacturing, and other "smokestack" industries—have been synonymous with American industrial might. But these industries have been reeling from foreign competition, which has beat them in domestic and foreign markets. The foreign products are cheaper and sometimes better made than comparable United States products because foreign factories are newer, and therefore more efficient, and because salaries in the U.S. are much higher than in other countries.

CURRENT ISSUES

Reaganomics—In 1981 President Reagan began a bold plan to get the American economy running again. He proposed to slow the growth of government spending, cut taxes 30 percent, and eliminate regulations that hamper business growth. Much of President Reagan's economic policy is based on "supply-side economics." Essentially, supply-siders believe the best way to spur the economy is to stimulate production—or the supply side of the economic equation—rather than to boost consumption of goods and services—the demand side—as has been the pattern. Large tax cuts, for example, would boost incentives for companies to invest more and to risk new ventures. According to the theory, more jobs would be created, and people would work harder and save and spend more money. In the end, output would increase, the employment rate would rise, and the whole economy would prosper. The prospering economy would result in increased tax revenues that would more than make up for the lower tax rate.

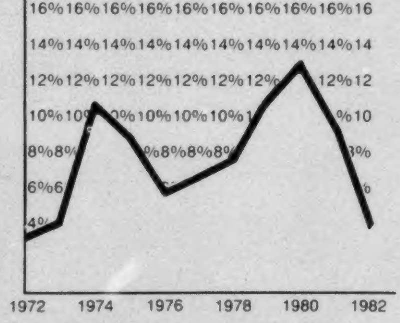
Much of the president's program was passed by a skeptical Congress; however, the program was disappointing, according to many. The 25 percent three-year

Unemployment Rate, 1972 to 1982



Source: Statistical Abstract of the U.S. 1981/U.S. Bureau of Labor Statistics

The Inflation Rate, 1972 to 1982
(Annual percent change in summary price index)



Source: Statistical Abstract of the U.S. 1981 tax cut, passed in 1981, failed to stimulate investment and increase economic growth as the administration had expected. Instead, the tax cuts became a major burden on the budget deficit, which helped lead to higher interest rates and inflation. Furthermore, the budget cuts did not have their anticipated impact, since all of the reductions in domestic spending were more than made up for by increases in defense spending.

Supply-siders argue that the program would have worked had the administration and the Federal Reserve Bank not also adopted a "monetarist" economic policy, which kept interest rates high in an attempt to limit the available supply of money to investors, thus holding down inflation. The recovery did not begin, supply-siders note, until the Federal Reserve relaxed the supply of money in late 1982.

Monetarists argue that the Federal Reserve was not entirely responsible for the high interest rates. Interest rates were inflated because of the huge budget deficit. As a result of the deficit, the government has been forced to borrow large sums of money, thus limiting the amount of money available for private investment and keeping interest rates high.

The Reagan administration has since ignored the criticisms of the monetarists and supply-siders and claimed complete credit for the recovery. Every new economic program takes at least two years for its impact to be felt by the nation, and that is roughly how long it took for a recovery.

Budget Cuts—During his campaign President Reagan promised to balance the budget by 1984, each year shrinking the budget little by little. Economic realities have forced the president to back off from that pledge, but Reagan has continued to focus on budget cuts as a means to hold down the deficit.

The president has cut deeply into some areas of the federal budget, eliminating or reducing funding for many social programs. Overall spending has not been cut much, however, primarily because of increases in defense spending.

It now seems clear that budget cuts alone will not balance the budget in the near future. Unless the president agrees to cut such entitlement programs as Medicare and Social Security or the defense budget, it will not be possible to cut enough from such programs as food stamps to come anywhere near a balanced budget.

Taxes—Since budget cuts and an economic recovery won't be enough to eliminate the budget deficit for many years, the only other alternatives are to accept high budget deficits as a fact of life or to increase taxes. The White House and many lawmakers argue that a tax increase now would stifle the recovery. However, other lawmakers are taking a hard look to find out what taxes can and should be increased and by how much.

Taxes on Corporations—Liberals have charged that corporations should pay higher taxes on their profits. The liberals point out that corporate income tax only accounts for 6.6 percent of the government's tax revenues. Personal income tax accounts for 47.2 percent, and Social Security tax withholdings account for another 35.5 percent. In 1952, however, corporate income tax accounted for 32.1 percent of government revenues. President Reagan advocates eliminating the corporate income tax entirely, arguing that the tax is unjustified because it amounts to double taxation: Taxes are levied once on corporate income, then a second time on shareholder dividends.

Withholding Taxes on Interest—In 1982 President Reagan told Congress that the government needed to do a better job of collecting taxes. According to the president, many Americans were not honestly reporting their interest income on their tax returns and were therefore costing the government $8.2 billion in

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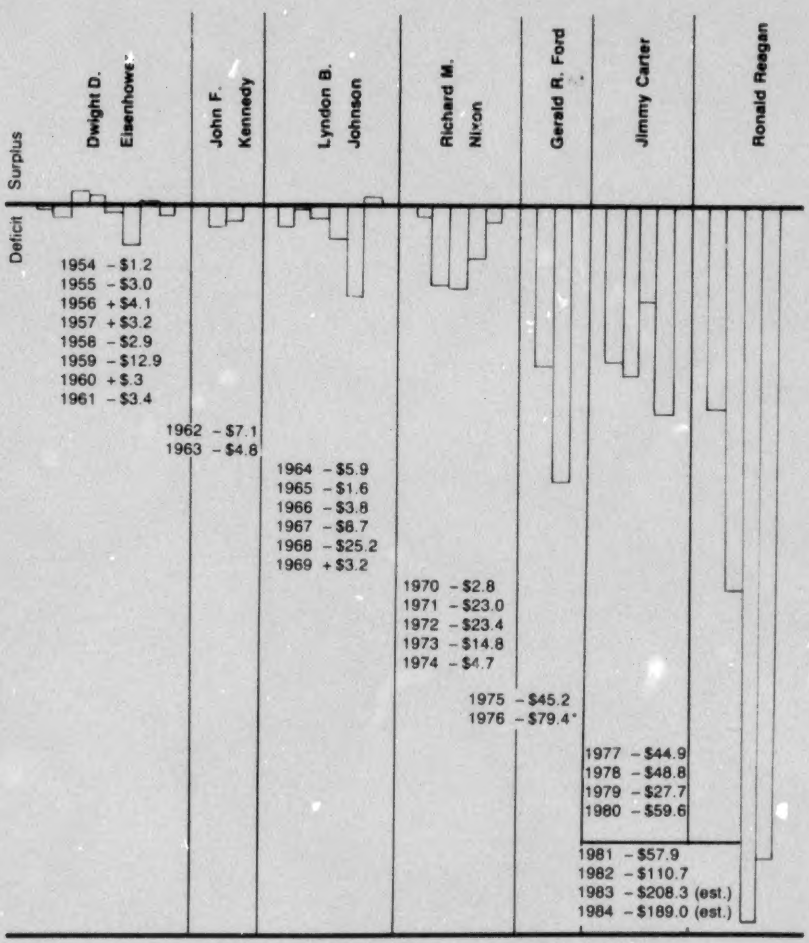
The Budget:
Surpluses and Deficits Since 1940
(in billions of dollars)



*Includes three month transition quarter. Note: Years end June 30 through 1976, September 30 thereafter. President in office for majority of a budget year is listed. Source: Statistical Abstract of the United States 1981 and U.S. News and World Report.

potential revenue. A subsequent new law, which would have taken effect in July 1983, would have withheld the interest income taxes on each bank or dividend statement. However, heavy lobbying against withholding by consumers and the banking industry made it doubtful that the withholding law would be implemented.

The banking community argued that 85 to 90 percent of all taxpayers accurately report their interest incomes, and that the percentage would be higher if the Internal Revenue Service used all its enforcement tools. The bankers said withholding would rob customers of money because they would not collect interest on the amount the government withheld. Furthermore, with dividend and interest payments last year totaling $525 billion, withholding would remove $30 billion from the capital market. Bankers also argued that the total cost to banks for compliance would be too large, approximately $1.5 billion a year for the entire industry.

Anti-repeal forces argued that the banks had overstated the administrative costs. The real cost of withholding, they argued, would probably be closer to $150 million. Anti-repealers added that the amount of interest lost because of the withholding would be trivial. On a thousand dollar deposit at 9 percent interest, compounded quarterly, the loss would be only about 50 cents a year.

Consumption Tax—Another tax proposal considered by the Reagan administration involves replacing the current tax on income with a tax on consumption. The difference would be that a consumption tax would not tax savings. Advocates say such a tax would encourage people to save money, which, in turn, would provide for economic rebuilding and expansion. Critics argue that such a tax would have a strong bias against the poor and lower middle class citizens, who must spend a much higher percentage of their income to meet basic requirements for food, clothing, and shelter. Advocates, however, point out that the system could be made progressive, taxing lower-income individuals less than those with higher incomes.

How Much Tax?—That is the big question. No lawmaker wants to increase taxes so much that business would be hurt. However, proponents of tax increases say Americans can afford to pay much more than they do now. They note that citizens of other countries pay far more taxes than do Americans. In 1978 U.S. state and federal tax revenues amounted to 30.2 percent of our Gross Domestic Product. The Swedish government, however, taxes more than half of the country's earnings. In fact, sixteen other major industrial nations collect a larger proportion of taxes than does the American government.

Tight Monetary Policy—An alternative definition of inflation is "too many dollars chasing too few goods." Monetary policy seeks to control inflation by limiting growth of the money supply—fewer dollars mean less inflation. The money supply is regulated by the Federal Reserve Board, a semi-independent board composed of seven people appointed by the president. Although President Reagan does not have absolute control over monetary policy, he and Federal Reserve Board Chairman Paul Volcker have been cooperating.

The Fed, as it is called, sharply limited the growth of the money supply from 1980 to late 1982 in order to bring down inflation. The result was higher interest rates. Interest rates rise when the money supply is low and demand is high. Interest rates have also risen because of the large budget deficit. When the government has a large deficit to finance, as it does now, it joins other borrowers in competing for available money, thereby increasing interest rates.

Critics of the Fed's tight monetary policy say it works against supply-side economics, which seeks to make money available to financiers. The recession ended as soon as the Fed relaxed its control, they point out. Monetarists such as Volcker, however, say that if the Fed were to increase the money supply, interest rates would rise again. They maintain that a firm stand against inflation will benefit the economy in the long run. The members of the Fed have said that if the inflation rate begins to rise during the recovery, they will again tighten the money supply.

A National Industrial Policy for the High-Tech Era?—Many economists are saying that the U.S. economy is not prepared for the future. According to critics of current policy, the government is protecting old, declining industries with tax breaks, subsidies, and protection from import competition, without demanding long-term investment, retraining of workers for new high-tech jobs, or increased research and development. One of these economists, Harvard professor Robert Reich, has proposed that the United States develop a new industrial policy to direct the flow of capital and labor toward a new emerging industrial base.

Reich, who has caught the fancy of Democratic party leaders, believes American industry suffers from structural immobility: It is still organized for basic production (i.e., auto manufacturing, steel, etc.) when it should be concentrating on specialty orders and high technology. Reich says that instead of propping up ailing low-skilled labor industries with subsidies that discourage modernization, the government should demand that these businesses, and the new high-tech industries, be given cash, tax, or other incentives to move into more competitive areas that take advantage of our relatively high-skilled work force. For example, steel manufacturers would switch from making pig-iron steel to specializing in high-value steel alloys. The government should also demand that the industries, along with labor and schools, strive to give the working population the skills needed for the new high-tech jobs.

Critics of a national industrial policy argue that government direction of business and labor, even on a limited scale, is unworkable. They make five major points: First, an industrial policy would have to be long term and consistent. If elected officials were in control, it is argued, there would be no way for an industrial policy to weather a change of adminstrations. Second, the government is not qualified to tell the private sector what to do. The government represents a highly vocal confederation of groups and regions, each of which has a different opinion about what is best for its economy and the economy at large. Third, federal intervention in business would hamper, not help, industry. Many existing problems were caused by government intervention in the private sector, the critics charge. Government subsidies, for example, discouraged heavy industrial firms from modernizing their factories in order to be more competitive, and regulations have limited profits and drained capital from investments. Fourth, a national industrial policy would not be backed by labor, especially if labor were encouraged to accept lower wages and benefits. Fifth, the cost of the program would be enormous.

Supporters of a national policy, however, argue that government coordination of capital investment and training worked well in West Germany and Japan after World War II, largely with the help of American money and technical advisors, and that such a system could work here as well.

OUTLOOK

Although the economy is improving, many problems remain, especially unemployment. According to some economists, high unemployment is now structured into the economy, caused by the shutdown of old industries and our lost competitive advantage in trade. Newer industries will not be hiring many of these people either, because the jobs require more highly skilled workers or because the work is being done by machines instead of humans. Before new factories or new businesses are opened to hire these workers, something major will happen. The United States made the transition from an agricultural economy to an industrial one only after two depressions and the first two world wars. But no one believes a third world war would help now.

THE DEBATE

The Economy

Can We Afford to Cut More Money from the Federal Budget?

PRO

- The only way to improve our economy is to reduce the size and spending of government. Spending for social programs has grown at an uncontrolled rate for years. We cannot afford that anymore. By taking money from bureaucrats and giving it back to the people, we can get the economy rolling again.

CON

- Unemployment hasn't been this high since the Great Depression; neither have the bread lines been so long. Nevertheless, the administration has chosen this time to cut aid to the poor, aged, and handicapped. But as drastic as those cut have been, the overall budget has not been cut. Money has merely been transferred from social programs to military spending and to the rich in the form of tax breaks. We need to balance the budget, but not on the backs of the poor.

Should Taxes Be Increased?

PRO

- The numbers in the budget are clear. We cannot reduce the budget deficit unless we cut deeper into social programs and start cutting the defense budget, and Congress is not likely to do that. The only alternative is to raise taxes. Raising taxes on such things as liquor, cigarettes, and airline travel, and reducing the amount businesses can deduct for entertainment will generate billions of dollars in revenue without seriously damaging the economy.

CON

- A tax increase is the worst thing we can do. We need to get money into the hands of the people so they can deposit their money in their banks and so that money can be invested in new ventures and industrial equipment. Once the economy starts booming again, we will raise just as much in revenues with the present tax rate as we would have by raising taxes.

Should Inflation Be Controlled With Higher Interest Rates?

PRO

- One of the most serious underlying causes of our economic problems is low productivity. But as long as interest rates remain high and the money supply remains tight, corporations cannot get the capital to invest in more productive plants and equipment. Now that interest rates have had a chance to come down, the economy has started to pick up. If we want to maintain a strong foundation for our economy and build for the future, we must be willing to live with a little inflation in the short run.

CON

- Inflation steals the savings and buying power of those people whose incomes cannot keep pace with it. It also works against businessmen and women who want to sell more. Low interest rates, if not matched by low inflation and strong bank cash reserves, can overstimulate business and whip up inflation. The most sensible policy is to find the right balance between moderate interest rates and a reasonable rate of inflation.

Should the United States Develop a New National Industrial Policy?

PRO

- American industry has sadly fallen behind its foreign competitors and has done so largely because of a confused national industrial policy. Instead of propping up such labor-intensive industries as steel refining and shipbuilding with tax breaks and subsidies, the government should speed the death of uncompetitive industries, urge those companies to switch to making products that stress high-skilled labor and large profits, accelerate the development of new high-tech industries, and work with labor, businesses, and schools to give workers the skills they will need in the coming years. National direction of the economy has worked in Japan and West Germany. It can work here, too.

CON

- Just because a nationally-directed economy worked in Japan doesn't mean it can work here as well. Japan's political environment is very stable. The American political scene changes too much to provide the consistant focus an industrial policy needs. The Japanese are also a people with a very centralist oriented philosophy and are committed to cooperation. Labor, business, and society are committed to their nation's success. In the United States, however, there is a great adversarial relationship between business and labor. That adversarial relationship has been one of our strong points and has been institutionalized with anti-trust and labor-rights laws. We'd have to forego all of that for such a national industrial policy. The worst part of the proposal is its cost, which is so huge that no one has dared estimate it.

Environment

In the winter of 1982-1983, Times Beach, Missouri, was ravaged twice, first by nature and later by man's abuse of nature. The first disaster was the November 1982 flooding of the Meramec River, which demolished much of the town. The flood led to a second disaster, when the flood waters washed over roads that had been sprayed ten years before with a mixture of oil and the highly toxic chemical dioxin, and contaminated fields, private homes, and public buildings throughout the town. Even the furniture and personal possessions of some families became contaminated with the man-made chemical, which is so deadly that an oral dose of .0000006 of an ounce can kill a two-pound chicken. The government believes that the task of removing all of the contaminated earth and refuse will take years, if it is possible. In the meantime the government is paying Times Beach residents an estimated $33 billion to abandon their homes.

The contamination of Times Beach is not an isolated incident. Nationwide there are an estimated fifteen thousand hazardous waste sites that can only be compared to time bombs. The government has approved spending $1.6 billion to begin to clean up the sites; however, experts estimate that the overall cleanup cost could exceed $40 billion.

Since 1969, after a huge oil spill off the coast of Santa Barbara, Americans have become increasingly concerned about the way we treat our environment. In the early 1970s Congress enacted sweeping legislation, often by overwhelming majorities, to clean up the air and water and to protect wildlife. That legislation has helped revive once-dead rivers, improve our overall air quality, and save many species of animals near extinction just a few years ago. Environmentalists still seek new laws to solve such problems as acid rain and toxic waste.

Cleaning up the environment has not been cheap. Some environmental regulations have been expensive to implement. Clean water regulations, for example, require expensive sewage treatment plants for cities, towns, and industries. Believing that the benefits are not worth the costs, the Reagan administration has attempted to roll back some regulations it says are too expensive for American business. Among them are auto emission standards, long opposed by the automobile industry, and restrictions on the use of federally owned land. These actions have triggered an enormous controversy as environmental groups have mobilized to oppose the administration. The controversy reached a peak in early 1983, when several top officials of the Environmental Protection Agency (EPA) were forced to leave office amid charges that they had conspired to help corporations avoid paying to repair environmental damage they had caused.

KEY QUESTIONS:

- What is the proper balance between protection of the environment and economic considerations?
- Should restrictions on the use of federal lands be eased?
- Who should pay the costs of repairing our damaged environment?
- Should clean-air standards be relaxed to ease the economic burden on the auto industry?

BACKGROUND: The Effects of Pollution

Air Pollution—In the air we breathe fly particles of ash, the unburnable leftovers of ordinary coal; soot, incompletely burned carbon; and lead, the unburnable additive in gasoline. The brilliant red sunsets in New York City and Los Angeles are caused by large particles released into the air by power plants. Even at low levels, dust, soot, and ash can cause acute breathing problems for sufferers of chronic bronchitis and asthma.

Less visible, but more dangerous, are the gases of sulfur dioxide, hydrocarbons, carbon monoxide, and carbon dioxide. Too much carbon monoxide—emitted by cars—replaces oxygen in the blood, causes dizziness and nausea, impairs driver judgment, and places stress on the heart. Carbon dioxide, while not immediately dangerous, may be the most toxic pollutant over the long run. During the past 100 years, the level of carbon dioxide in the atmosphere has risen dramatically. Eventually, the increase could lead to a "greenhouse effect," in which the warming properties of carbon dioxide would trap the sun's heat and raise the earth's temperature enough to melt the polar ice caps.

The effects of air pollution are already seen in another form in the northeastern region of the United States. There air pollution has increased the acidity of rain water, causing entire forests to wither and killing fish.

Water Pollution—Chemicals and organic waste are the two major water pollutants. Organic waste removes oxygen from the water as it decays, suffocating fish and producing bacteria that release noxious gases. Chemical waste, such as insecticides, acid residues, dyes, and some chemicals from factories, kill marine life outright.

During the 1960s, America's water pollution reached its most severe state. Industrial pollution accounted for some of the problem. Arsenic was found in the Kansas River. Mercury pollution halted fishing along the shores of Lake St. Clair on the Canadian border. Industrial pollution killed millions of fish in Lake Superior, and fishing was banned on Lake Erie.

Organic waste also contributed to the problem. Even by 1970, nearly sixty million Americans were not served by a sewer system. In many cases, raw human sewage was dumped into lakes and streams untreated.

Nuclear Waste—Nuclear waste presents a serious environmental problem. Nuclear materials take thousands of years to lose their radioactivity. If nuclear waste is buried in cans, the cans might someday leak radioactive material into the soil and the water table. Burial at sea presents a similar problem. Although disposal technology is excellent, no one can guarantee that nuclear waste will never pollute our environment.

Toxic Wastes—Unlike nuclear wastes, some toxic chemicals can be broken down into relatively safe chemicals. That is the preferred way to deal with toxic wastes. But twenty years ago toxic chemicals were dumped into landfills. Over the years the chemicals soaked into the topsoil and filtered into the water table. At Love Canal, a neighborhood in Niagara Falls, New York, built over a forgotten toxic chemical dump, many residents, especially children, became severely ill and were forced to move. Today there are an estimated fifteen thousand toxic waste dumps that pose a threat to public health. In addition, the EPA estimates that forty million tons of toxic waste are generated each year and must be disposed of.

BACKGROUND: Major Legislation

Endangered Species Act—Enacted in 1966, the Endangered Species Act made it illegal to kill animals for sport or profit that are on the verge of extinction. However, some people believe the act should allow exceptions when protecting a species harms the public good. For example, the act blocked construction of the Tellico Dam to protect a rare fish called the snail darter.

National Environmental Policy Act, 1969—The NEPA, signed into law as the first act of the 1970s, set as a national goal the creation and maintenance of "conditions under which man and nature can exist in productive harmony." The most far-reaching provision of the act was the directive sent to federal agencies to consider the impact on the environment of all major activities and to include a written analysis of that effect as well as alternatives in every recommendation. Environmental impact studies have often prevented government action from having disastrous environmental consequences, but they have also created enormous amounts of paperwork.

Clean Air Amendments of 1970—This far-reaching legislation called for a 90 percent reduction in the amount of auto pollutants emitted by new cars by the end of 1976. In 1977 Congress reconsidered the amendments to the legislation (passed in 1973 and 1977), extending them and establishing a final, if delayed, timetable for meeting goals set in 1970. The auto industry has met or exceeded those goals.

The amendments also gave the administrator of the Environmental Protection Agency the power to specify emission standards and to identify pollutants from other sources that could cause death. States were held responsible for setting goals and implementing programs to eliminate pollution, but the federal government could assume a state's responsibility if it took no effective action.

Water Pollution—In 1970, fourteen hundred communities and hundreds of industries were dumping untreated sewage into rivers. The severity of the problem was especially dramatized when the Cuyahoga River caught fire near Cleveland in 1969. Although Congress had already taken some action to clean up rivers, the most effective legislation was the Federal Water Pollution Control Act of 1972. This act set a national goal of making all waters safe for fish, shellfish, wildlife, and people by 1983. President Nixon called the $24.7 billion project "staggering and budget-wrecking," but support for cleaning up the nation's water pollution problem was so strong that Congress easily overrode his veto.

Toxic Substances—In 1976 Congress enacted the Toxic Substances Act, which gave federal agencies the power to ban or regulate known dangerous substances not covered by other regulatory safeguards and to screen new chemicals and substances before they are sold on the market. However, so many new chemicals are created that not all can be tested before entering the market.

After the tragedy at Love Canal, Congress created a "Superfund" to pay for the clean-up of any future toxic chemical disaster. Most of the costs would eventually be assumed by the company responsible for the disaster, but the Superfund would pay most of the initial clean-up costs. It has already become clear to many lawmakers that the $1.6 billion originally authorized for the Superfund until 1985 may only be enough to begin clean-up on about 150 of the 418 toxic waste sites the EPA considers the most hazardous.

Alaska Lands—The Alaska Lands Conservation Act of 1980 set aside 104.3 million acres (of the 228 million acres in Alaska belonging to the federal government), imposing restrictions on the exploitation of oil, minerals, and timber in the area. The act doubled the size of our national park and wildlife refuge system and tripled the amount of U.S. land designated as wilderness.

Nuclear Waste—In December 1982 Congress passed legislation establishing a national plan for the disposal of highly radioactive nuclear waste. The new law set up a timetable for establishing a permanent, underground repository for nuclear waste by the mid-1990s. Until the repository is opened, the new law permits the government to establish a temporary storage facility. The law also gives states the right to veto construction of a repository facility within their borders but also allows Congress to overrule the states' vetoes.

CURRENT ISSUES

Is Reagan Committed to Environmental Protection?—Since President Reagan entered office, environmentalists have argued that his administration is trying to turn back the clock on environmental protection. They point to long lists of actions and statements by Reagan or his appointees, especially Secretary of the Interior James Watt, as evidence of this anti-environment bias. The administration has consistently argued that its environmental policies are designed to seek a balance between the benefits and costs of environmental regulation. But congressional hearings investigating the administration's management of Superfund gave support to the charges of an anti-environment/pro-business bias. The most damaging evidence showed that Rita Lavelle, who was supervisor of EPA's hazardous waste program, often met with executives of companies under investigation and negotiated "sweetheart deals" with firms rather than forcing them to pay their share for cleaning up sites they had polluted. Investigators also uncovered a scandal involving John W. Hernandez, who as EPA deputy administrator personally intervened to allow the Dow Chemical Company to suppress agency report references to its responsibility for dioxin contamination near its plant in Midland, Michigan. The administration is trying to repair the political damage caused by the EPA scandal. The president appointed William Ruckelshouse, EPA's first administrator, to take charge of the embattled agency. During his first month in office, Ruckelshouse fired several top EPA officials.

Use of Federally-owned Land—The administration's proposals for using government land are among the most controversial environmental issues.

Land Sales—The administration has proposed selling large tracts of federal land to resource developers. The Bureau of Land Management (BLM) has identified 2.7 million acres of land it wants to sell. BLM says the parcels are in isolated areas and therefore can be sold without congressional approval. In addition, the U.S. Forest Service is studying six million acres, approximately 3.2 percent of federally owned forests, for possible sale if approved by Congress. Governors and legislators of many Western states oppose the plans that in the words of Arizona Governor Bruce Babbitt, are "an attempt to sell off our Western birthright for a handful of silver." Ranchers and hunters also oppose the sales, fearing that their access to prime grazing and hunting areas will be restricted.

Strip-mining in Proposed Park Land—Environmentalists are also worried about a proposed strip-mining regulation that would permit strip-mining on privately-owned pockets of land in the middle of national parks, forests, or wilderness areas. Congress forbids strip-mining in these areas on the assumption that the government will eventually buy the land and include it in the national park. However, there are exceptions in the law that permit an owner to develop his land if he makes every effort to complete a complicated application process. The proposed regulation would greatly ease that process. The administration says that it does not want to permit strip-mining in these areas but that Congress will have to change the law.

Leasing Mineral Rights—The Reagan administration has also proposed leasing resource rights to unprotected federal lands. Eventually the administration plans to offer the entire continental shelf for lease for oil exploration and development. The administration is also planning to lease as much as 10.5 billion tons of coal buried on federal lands. Environmentalists argue that the administration is rushing ahead with energy resource development plans when there is no energy emergency to warrant it. Until there is an emergency, say the environmentalists, the government should study which coal and off-shore drilling sites could produce the most resources at the least cost to the environment.

Besides environmentalists, other critics of the administration's land resources policy have charged that the administration is selling mineral rights at "fire sale prices" in order to benefit the administration's business constituency. A General Accounting Office investigation gave support to that claim, revealing that Interior Secretary Watt sold coal development rights for more than one billion tons of government-owned coal to industry in 1982 for $100 million less than the coal was worth despite a federal law requiring the government to get a fair price for its resources.

Acid Rain—Rainfall in the northeastern United States is unusually acidic. Scientists think this is the result of sulfur dioxide and nitrogen oxide released by power plants, smelters, and automobiles being transformed into sulfate and nitrate and combining with moisture in the air. Many biologists and residents in northeastern states blame acid rain for killing life in bodies of fresh water and damaging forests and crops. The Canadian government has filed an official protest with the American government, charging that pollution from American factories was creating a serious acid rain problem on their side of the border.

Acid rain is thought to cause as much as $5 billion in environmental damage annually, mostly in the northeastern United States and southeastern Canada. However, proposed legislation to reduce sulfur dioxide and nitrogen oxide emissions by fifty percent could cost $3 billion to $7 billion in higher utility rates and mean the loss of tens of thousands of jobs. The Reagan administration argues that too little is known about the causes and effects of acid rain to warrant such harsh economic measures. But momentum for the controls is growing in Congress. To prevent the full burden from falling on industry, Congress may establish a surcharge on utility bills and use that money to fund a new nationwide emission-controls fund.

Toxic Waste—There is almost total agreement that toxic waste sites must be located and cleaned up. The problem is that the cost of cleaning up these sites far exceeds previous estimates. Although $1.6 billion will have been collected for the clean-up by 1985, some $10 billion to $40 billion will be needed to clean up the fifteen thousand sites where toxic wastes are known to have been dumped without controls. The government is suing some of the 224 companies that originally dumped toxic wastes to make them pay for the cleanup. However, it is uncertain that those companies can find the money and that the states can pay their share of the final cleanup.

What is the Cost of a Cleaner Environment?

Estimates of how much will be spent from 1980 through 1989 to combat pollution, stated in constant 1982 dollars to discount the effects of inflation

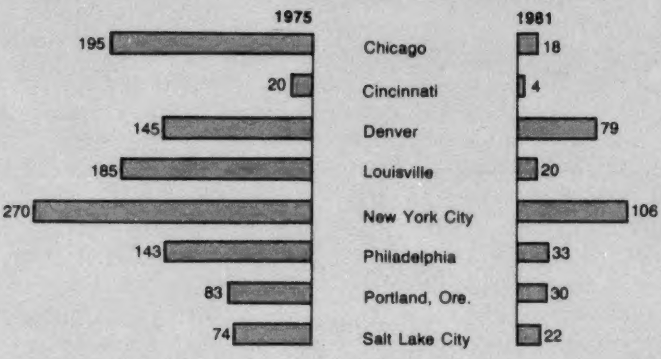
Air pollution	$393 billion
Water pollution	$228 billion
Solid-waste pollution	$22 billion
Land reclamation	$19 billion
Noise	$11 billion
Toxic substances	$11 billion
Drinking water	$4 billion
Pesticides	$2 billion
Total Cost, 1980-1989	$690 billion

Outlays in the 1980s will exceed those of the 1970s by 53 percent. More than two-thirds will be spent by industry.

Source: U.S. News & World Report, USN&WR Economic Unit estimates

An authoritative study by the Congressional Office of Technology Assessment, released in March 1983, has pointed out another toxic waste issue. The study said that EPA is underestimating the amount of toxic waste being generated and regulated. EPA estimates that 40 million tons are being generated. But according to the study, between 255 and 275 million metric tons of hazardous waste are generated in the United States every year, much of it unregulated.

Air Quality—The Reagan administration and many industrial lobbyists are supporting new legislation, proposed in 1982, that would significantly relax both auto and factory pollution standards in the Clean Air Act. Supporters of the bill argue that more lenient standards are needed to help in-



Air Pollution on the Decline

Number of days air pollutants reached levels considered unhealthful

Source: U.S. News & World Report

dustry out of the recession, especially the auto industry. Industry representatives say the proposed standards would save auto manufacturers $1 billion a year and save the consumer $100 per car. The proposed legislation would also extend the deadlines for states to comply with overall air quality standards until 1993.

Environmentalists have tried to refute the administration's claims that the Clean Air Act is bad for business. According to a study by the Natural Resources Defense Council, the Clean Air Act has produced two hundred thousand jobs by creating a market for pollution control equipment, and has provided $21.4 billion worth of economic and health benefits annually by preventing disease and environmental damage. The authors of the study claim the standards have only reduced output by a small amount, less than the value of the jobs and benefits.

OUTLOOK

The controversy at EPA has seriously damaged the Reagan administration's claim that it is trying to balance its concerns for the environment with the need to help the economy. But the administration has not retreated from most of its environmental policy objectives. Public support for environmental protection has increased measurably, however, since the toxic waste disaster in Missouri. That and an economy already recovering from a two-year recession may convince Congress that now is not the time to roll back environmental protection standards.

THE DEBATE

Environment

Should Economic Considerations Take Priority Over Environmental Issues?

PRO	*CON*
● Having a clean environment is important. But we must also provide jobs for Americans, expand our industry, and compete with foreign businesses that do not have to meet our tough regulations. The cost of meeting environmental standards and completing the paperwork is too high for many struggling companies.	● The regulations have successfully improved the environment without ruining the economy. For example, the anti-air-pollution industry has created numerous jobs. Without regulations, the cost in health and economic losses would far surpass the cost of enforcing the regulations.

Should Federal Lands Be Opened to Energy Developers?

PRO	*CON*
● We have been saving our natural resources for a rainy day. That rainy day is here. We cannot afford to continue importing our energy supplies. We must use what we have: coal, oil shale, and off-shore oil. Modern technology lessens the chance of any long-term damage to the environment.	● Many federally-owned lands are precious and irreplaceable areas of natural beauty. The oil industry already has access to more domestic supplies of energy than it can handle. We need to develop clean energy sources, like solar energy, that will not hurt the environment.

Should the Administration Ease Auto Emission Standards?

PRO	*CON*
● Air pollution control devices raise the price of cars while reducing their gas mileage. Easing regulations would help the struggling auto makers and save consumers money. The environment will continue to improve as new cars replace older, dirtier ones.	● Auto emissions are still the number one cause of air pollution in most cities. In Los Angeles and Denver, for instance, the air is still terrible. We should enforce the toughest standards possible because what we have done so far obviously is not good enough.

Should Polluters Pay the Cost of Environmental Cleanup?

PRO	*CON*
● The American taxpayer should not have to pay for the mistakes of polluters. When the companies decided to pollute rather than pay for pollution control devices or equipment to make toxic wastes chemically safe, they did so to cut costs. If they had spent a little more money then, they wouldn't have to pay the huge costs of clean up now.	● One way or another the cost of cleaning up the environment will fall on the average American citizen. The companies will either pass on the expense to consumers as higher prices, or they will go out of business, put millions of workers out of jobs, and force the taxpayer to make up for the lost tax revenue and to pay for the unemployment checks.

Education

Traditionally, most educational issues—declining test scores, low teacher pay, and overcrowding, for example—have not been issues for the federal government to resolve. Through most of American history, education was solely the responsibility of states and localities. But after World War II the federal government gradually increased its involvement in public education, giving college scholarships and loans to needy students and veterans and giving assistance to public schools. Today one dollar in ten spent on education comes from the federal government.

The federal role in education has been criticized by the Reagan administration. President Reagan believes the federal government plays too large a role in this area. He has proposed eliminating the Department of Education and reducing federal spending and responsibility for most educational programs, including racial desegregation, bilingual education, and student loans. But his plans to divorce the federal government from educational financing come at a time when parents, educators, business leaders, and members of Congress are advocating the creation of new federal programs to improve math and science education.

Other educational proposals from the White House have also lit fires of controversy. Among them is a proposal to give parents of children in private schools tax credits for the money they spend on tuition. Public school officials fear that tuition tax credits would encourage students to leave public schools, already a problem in most communities. The Department of Education has also issued a new rule to deny federally-financed college scholarships and loans to young men who have not registered for the draft. And the president has led the battle for a constitutional amendment to permit voluntary prayer in classrooms. The question of what role the federal government should play in these areas involves emotional issues sure to incite intense debate in the months ahead.

KEY QUESTIONS:

- Should the federal government play a smaller role in education?
- Should money for federally subsidized student loans be cut back?
- Should student loans be denied to men who do not register for the draft?
- Should parents of children in private schools get tuition tax credits?
- Should voluntary prayer be permitted in classrooms?

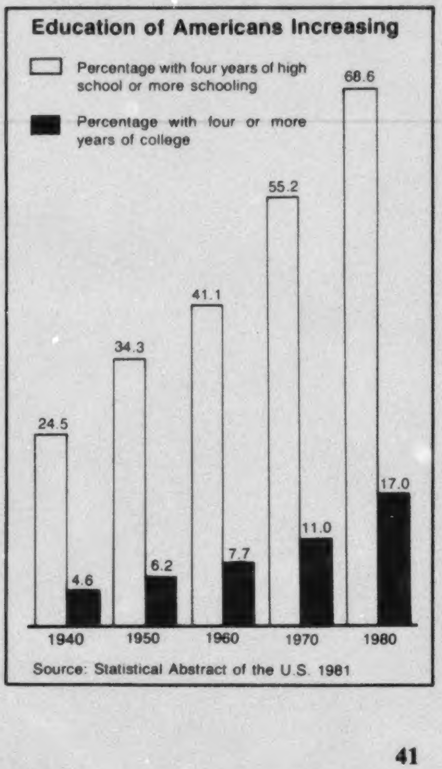
BACKGROUND: Growth of the Federal Role in Education

According to the Constitution, any power not expressly given to the federal government is a responsibility of the states. Since education is not mentioned, traditionally each state has organized and regulated its own school system, often distributing this responsibility among local school districts. However, a constitutional provision giving Congress the duty to "promote the general welfare" has been used to justify the federal government's involvement in education.

The Federal Role in Higher Education—In 1862 the Morrill Act transferred eleven million acres of federal land to the states for the purpose of establishing agricultural and mechanical universities. The revenue gained by selling the land was used to establish state universities. This marked the first federal involvement in higher education.

The GI Bill, enacted after World War II, enabled former U.S. military personnel to attend college by providing federal funds for their tuition. In 1957 a new federal program provided scholarships and loans to encourage more people to attend college and grants to improve the teaching of sciences and foreign languages. The civil rights movement of the 1960s and a desire to make higher education available to low-income people (especially minorities) resulted in the Higher Education Act of 1965. This act became the basis of current tuition relief policies.

Elementary and Secondary Education Act—Because school systems are run by local communities, they often differ widely in the amount of money they spend on education. In poorer areas, less money is available for education. Students often receive inadequate schooling and therefore generally score lower than the national average on standardized tests.


Education of Americans Increasing

Source: Statistical Abstract of the U.S. 1981

Recognizing this and other educational needs, Congress passed the Elementary and Secondary Education Act (ESEA) in 1965. Title I of this act provides federal money for schools to offer such special programs as remedial reading for low-income students. ESEA also provides federal assistance to the states for textbooks, library resources, and instructional materials, and for the establishment and support of guidance centers, testing centers, and councils on quality in education.

Desegregation—In the 1954 case *Brown v. Board of Education of Topeka,* the Supreme Court ruled that segregation is unconstitutional. A subsequent court decision ordered schools to begin desegregation immediately. Desegregation plans were financed, and continue to be financed, at least in part, by the federal government.

Affirmative action programs have also been instituted at federal initiative. Aimed at reversing historical trends of discrimination, these programs require any educational institution receiving federal money to accept a certain number of minority students per year.

Mainstreaming—In the 1960s and 1970s many people charged that public education discriminated against handicapped children because schools did not provide facilities or programs for them. Many handicapped children were barred from schools that could not accomodate their needs and were therefore forced to attend private schools. In the mid-1970s federal courts ruled that handicapped children have the right to an education in the "least restrictive environment" possible. Handicapped students, they said, should be "mainstreamed" whenever possible. This means they should participate in regular classes whenever possible and should not be restricted to special education classes.

CURRENT ISSUES

The Department of Education—In September 1979 Congress voted to establish a separate Department of Education from the former education office of the old Department of Health, Education, and Welfare (HEW). However, President Reagan would like to convert the Department of Education into a new Foundation for Education Assistance.

The Department of Education has been controversial from the beginning. Supporters maintain that the department's elevation to a Cabinet-level position shows that education is a national priority. Supporters also believe the department makes the federal government more responsive and better able to serve local school districts because programs are centralized and better organized. The Reagan administration, however, believes the federal government should play a reduced role in education and maintains that a Cabinet-level department is not necessary for that smaller role. So far, such educational organizations as the National Education Association (NEA) have successfully lobbied to save the department.

Quality of Education—The National Commission on Excellence in Education, a bipartisan panel appointed by the Secretary of Education in 1981, issued a report on the state of America's education system in April 1983, charging that America's economic, cultural, and spiritual role in the world was being threatened by lax standards and misguided priorities in the schools. In especially strong language, the commission declared that "if an unfriendly foreign power had attempted to impose on America the mediocre educational performance that exists today, we might well have viewed it as an act of war." The commission recommended tighter requirements for high school students in English, math, science, social studies, and computer science; longer hours in school for students; "far more homework" for high schoolers; higher salaries for teachers;

and financial incentives to attract outstanding students into the teaching profession.

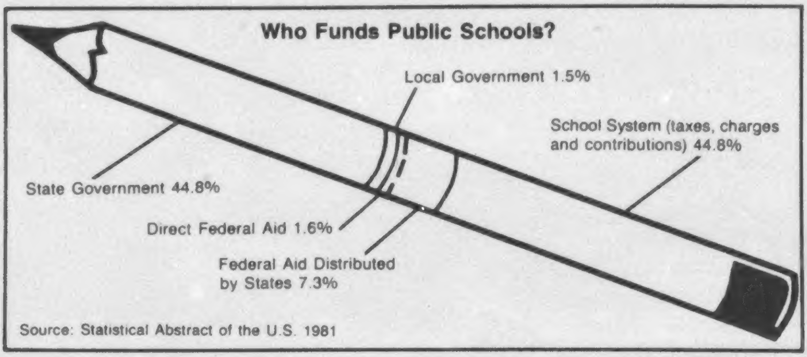
According to the National Education Association, which supported the Commission's report, the panel's recommendations would require "additional billions of dollars," especially from the federal government. The president, however, interpreted the commission's position as a "call for an end to federal intrusion" in education.

Spending for Education—In 1980 federal funds for education amounted to $14.3 billion. In 1983 the president proposed reducing the education budget to $10 billion, representing a 30 percent cut in spending for education, and promised further reductions. Congress successfully fought the cuts, approving a $15 billion budget that restored aid to college students, and disadvantaged and handicapped students. The president's 1984 budget proposal does not go nearly as far as the previous one, however. President Reagan's $13.5 billion education budget only slightly reduces funding for educational aid to the disadvantaged, the handicapped, and college and graduate students.

In addition, the administration proposed a four-year, $280 million crash program to produce seven thousand new mathematics and science teachers each year. In fiscal year 1984 $50 million would go for scholarships for prospective science teachers and $20 million would go to the National Science Foundation (NSF) for programs to help teachers sharpen their skills. Leaders in education, science, and industry have been urging such a crash program to overcome the shortage of math and science teachers. It is hoped that by improving math and science education we will be able to regain superiority in the high technology fields. In March 1983 members of the House of Representatives argued that the president's math and science proposal was too small and therefore passed a much larger bill. The House bill would provide $325 million in scholarships in fiscal 1984 and $100 million for a five-year NSF program to educate existing teachers. Opponents of the House bill argued that the program was too expensive, especially considering the large projected budget deficit.

Student Loans—There are two kinds of student loan programs: *direct,* in which the government loans money directly to students, and *guaranteed,* in which the government guarantees repayment to banks that loan students money. Both

Who Funds Public Schools?



Source: Statistical Abstract of the U.S. 1981 programs provide student loans at lower rates than banks normally charge.

The federal government began offering student loans to lower- and middle-class students because many people considered the loans a wise investment in our nation's future. However, student loan programs have been criticized for their growing costs, the number of defaulted loans, and the fact that many students from well-off homes get subsidized loans.

In the first two years of the Reagan administration, the president tried unsuccessfully to sharply cut funding and eligibility rules for direct student loans. In 1983 the administration again proposed tightening eligibility for college loans. One administration proposal would require college students to pay at least 40 percent of their educational costs before they could receive federal grants known as Pell Grants. The administration argues that the new requirement would make smaller sums of aid available to a greater number of needy students. The administration would target 80 percent of the Pell Grants to go to families with incomes below $12,000 a year. A second proposal would encourage families to set aside up to $1,000 a year for college costs through a special education savings account with tax free interest. Critics of the proposals argue that the truly needy families and students who are supposed to benefit from these programs would be unable to afford their share of the costs.

Draft Registration and Student Loans—In 1982 Congress passed a law barring young men from receiving federally financed student aid if they have not registered for the draft. Several colleges and the American Civil Liberties Union have challenged the constitutionality of the law, and in March 1983 a federal court judge in Minnesota issued a preliminary injunction temporarily barring the government from enforcing the law. The law was passed at a time when more than seven hundred thousand youths had failed to register. Congress hoped the threat of withholding student aid might increase draft registration. However, opponents of the law argue that it is unfair to place the burden on young men, and not on women or on older men not subject to draft registration. Furthermore, the law singles out youths from low-income families who rely on federal student aid. Opponents also argue that the existing penalties for failure to register—up to five years in prison and a $10,000 fine—make withholding student loans unnecessary. And opponents hold that the law is unconstitutional because it punishes a pre-identified group through legislation rather than through the judicial process. Several representatives and senators have introduced measures to postpone enforcing the law or to repeal it. However, it is unlikely that the law will be repealed.

Tuition Aid for Private Schools—The administration is asking Congress to grant tuition tax credits to the parents of the five million children who attend private elementary and secondary schools. At first the tax credit would be relatively small: 50 percent of tuition up to a maximum of $100 in 1983, $300 in 1984, and $500 in 1985. Parents with incomes between $40,000 and $60,000 would receive only partial credits, and those with incomes of more than $60,000 would be ineligible. The Treasury Department estimated that a similar tax credit plan proposed for FY 1983 would have cost the Treasury $100 million in fiscal 1983, $600 million in 1984, $1 billion in 1985, and $1.4 billion in 1986 if it had been approved by Congress.

Supporters of the bill argue that these parents pay taxes to support schools their children do not attend. Opponents have criticized the administration for subsidizing private schools while cutting aid to public schools. They also argue that the bill may violate the separation of church and state laws of the Constitution by helping to support religious schools. They say the bill would increase the federal deficit, encourage people to attend private schools to avoid busing (a phenomenon that has already begun without tuition tax credits), and reduce support for public schools.

Prayer in Schools—In 1982 President Reagan announced his support for a proposed constitutional amendment that would overturn twenty years of Supreme Court rulings and permit voluntary prayer in public schools. School prayer had been common in most public schools until 1962, when the Supreme Court ruled that state-sponsored prayer violated the First Amendment. Since then, there have been several efforts to go around the Court's ruling by having "moments of silence" in classrooms each morning or to overturn the Court's decision with a constitutional amendment.

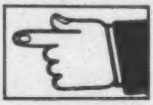
Many religious leaders who consider prayer an important part of the educational process support the proposed constitutional amendment. But Protestant, Eastern Orthodox, and Jewish religious leaders representing about sixty national groups have argued against the proposed amendment. They fear that group prayer, even if voluntary, would put the school in the position of fostering certain religious practices and beliefs. Furthermore, these opponents believe that no organized prayer would be truly voluntary in a school setting, where pupils are taught to obey the teacher and cooperate in class.

Supporters of prayer in schools suffered two major defeats when the Senate cut off debate on a bill that would have prevented the courts from hearing any "voluntary" school prayer cases in September 1982, and when a federal judge in New Jersey ordered schools in the state to halt their daily "minutes of silence" on the grounds that the state law mandating the practice might be unconstitutional.

OUTLOOK

Congress can be quite stubborn in dealing with certain educational issues. Since President Reagan took office, he has tried to reduce funding for schools, and Congress has quickly restored large segments of that funding. As a result, the administration is being much more selective about which education programs it chooses to cut. The Senate and the House are also expected to continue resistance to the proposed abolition of the Department of Education, the proposed constitutional amendment legalizing prayer in schools, and the proposed tuition tax credit. There is great pressure on Congress now to increase federal involvement in education far above the president's recommendations in order to answer the technological challenge presented by Japan and Western Europe. It is unlikely that Congress will give in to the administration on this issue.

THE DEBATE



Education

Should the Department of Education Be Abolished?

PRO	CON
● Education should be the responsibility of state governments, not the federal government. State governments can determine the educational needs of their citizens much better than a Washington bureaucracy can. We should decentralize—not centralize—to solve our educational problems.	● Education is a vital part of American society, and the Department of Education has strengthened the government's commitment to improving our schools. The Department of Education does not waste money; it saves money by coordinating educational activities that were previously the responsibility of other departments.

Should the Federal Government Provide Tuition Aid To Parents of Students in Private Schools?

PRO	CON
● Giving tuition aid or tax credits to parents with children in private schools is only fair. These people pay taxes for education; they should receive something for their tax money. Furthermore, tax credits would promote competition between public and private schools and thus improve both.	● Giving tuition aid or tax credits to parents with children in private schools would only contribute to the problems of the public school system. Tuition credits would also add to the federal deficit, violate separation of church and state laws (many private schools are religious), and help "white flight academies" that were established to avoid busing.

Should Money for Federally Subsidized Student Loans Be Cut?

PRO	CON
● Too many people have abused federally financed student loans. Rather than going to the truly needy, loans have been going to students who use them to beat inflation and then default on the loans. If a student is truly needy, then government should help, but only if the private sector is unable to assist.	● Student loans are an investment in America's future. Nations around the world sponsor student loans and scholarships for their citizens because they know that only an educated society can improve a nation's economy and culture. Our neglect of education may account for the relative decline in our scientific advancement and industrial production.

Should Student Aid Be Denied to Young Men Who Have Not Registered for the Draft?

PRO	CON
● The question should be rephrased to ask "Should the government give money to people who break the law?" Eight million young men have registered, but seven hundred thousand have not. It is unfair to those who have registered to give government support to registration dodgers until the prosecutors get around to them. And this is not the only example of our denying federal assistance to law breakers. For example, we deny money to schools that discriminate against minorities.	● This law is clearly discriminatory. Only young men are denied aid, not women or older men. The law picks on sons of low-income families and not on those of wealthier families that can afford to pay for their sons' education. And the law violates the constitutional guarantee of due process by punishing a select group without going through the courts.

Social Welfare

Poverty is a fact of life for many Americans. Although the United States is the wealthiest nation on earth, almost thirty million Americans, 13 percent of the population, live in poverty. Since the Great Depression of the 1930s, a number of programs have been created to help the poor. Among them are the food stamp program, Social Security, Medicaid and Medicare, Aid to Families with Dependent Children, and the school lunch program. The programs have had some success. Certainly the poor are better off today than they were during the Depression. More services and opportunities are available to them than ever before. But social welfare programs have not eliminated poverty entirely.

Many conservatives argue that welfare programs have just institutionalized poverty and created incentives for the poor to remain unemployed. They believe that reduced federal spending will stimulate the private sector, keep the cost of goods and services down, and create more jobs, ultimately providing the best aid to the poor. Reflecting this belief and the belief that the government should only help those who cannot help themselves, President Reagan has waged a campaign to stop the growth of spending in social welfare programs and to pare back the spending level from its "peak" in 1981. If Congress accepts the president's 1984 budget, spending for programs aimed at helping low-income families will have declined 15 percent since 1981, as measured in 1983 constant dollars.

Critics of the administration argue that the growth of social welfare programs represents a legitimate response to national needs and therefore should not be curbed. Furthermore, the critics argue that the "truly needy," those whom the president has promised to protect, have suffered most from the cutbacks, while funding for programs that serve middle- and upper-class families has not been reduced as much.

While the administration and its opponents debate what the government's responsibility for helping the poor should be, there will be much discussion about how to keep Medicare solvent and about the president's proposal to give the poor vouchers to obtain medical care, housing, and jobs.

KEY QUESTIONS:

- What is the federal government's responsibility for helping the poor?
- Will the reduced spending levels provide enough help for the "truly needy"?
- How can Medicare be kept solvent?
- Should vouchers for housing and medical care replace federal housing and health programs?

BACKGROUND

Roosevelt's "New Deal"—Franklin Delano Roosevelt's "New Deal" programs, a response to the Great Depression, stressed job creation and social insurance rather than straight relief to the poor. These programs were America's first comprehensive welfare policy.

Works Progress Administration (WPA) 1935—The WPA was a job creation program that provided employment for people ranging from bricklayers to writers. The WPA commissioned individuals to build bridges, write books, paint and pursue numerous other activities. This program reflected Roosevelt's belief that payment should depend on work.

Social Security Act of 1935—This act laid the foundation for the welfare system that exists in America today. It provided insurance for the unemployed and the retired as well as public assistance for three categories of people unable to earn a living: the elderly, the blind, and children in homes without wage earners.

LBJ's "Great Society"—President Johnson made the elimination of poverty a high priority of his administration. He declared that no society could be "great" with poverty in its midst. Johnson intended to do more than attack the symptoms of poverty; he wanted to attack the causes. His approach recognized that for many Americans poverty was not a temporary condition but a permanent state.

Economic Opportunity Act of 1964—This act created a number of programs intended to make a coordinated attack on the causes of poverty. Among the programs were rehabilitation services, preschool education programs, training and jobs programs for young people, and retraining programs for other unemployed persons. Underlying all of these was the assumption that access to vocational education and training would bring America's poor into the mainstream of economic life.

Food Stamps, Medicare, and Medicaid—The federal food stamp program was instituted under the auspices of the Department of Agriculture in 1964 to ensure that poor people would have enough food to eat. Instead of providing money, the food stamp program supplies coupons (vouchers) only redeemable for food. Medicare, a medical benefits program for the elderly, and Medicaid, a similar program for the poor, were both instituted in 1965.

Entitlement Programs—Most welfare programs are "entitlement programs." Because they are designed to help everyone who qualifies for benefits, entitlement programs have no budgetary ceiling and are therefore difficult to plan or cut. The only way to cut entitlement programs is to restrict eligibility. Some of the most important programs that face further budget cuts are:

Aid to Families with Dependent Children (AFDC)—This is the program most often associated with the term "welfare," but it is actually only one of several programs. AFDC payments go to families with a child under eighteen years of age and a low income because one or both parents are dead, incapacitated, absent, or unemployed for a long time. In practice, most payments go to single mothers. The federal government and the states divide the administrative and benefit costs.

There is no way to accurately predict how much AFDC will be paid out in a given year. Because payments are based on a formula, when the economy is bad, as it is now, more people need AFDC. In 1981 AFDC provided $12.8 billion in benefits to eleven million recipients. Of that the federal government paid $6.9 billion, and states paid $5.9 billion. Congress changed eligibility requirements for the 1982 fiscal year in order to make fewer people eligible, saving $6.2 billion in fiscal years 1982 to 1985. Based on estimates of the state of the economy and on those altered eligibility requirements, the federal share of AFDC should total $8.2 billion in FY 83. The president wants to reduce the federal share to $7.5 billion in FY 1984 by requiring all states to establish "workfare" programs for able-bodied AFDC recipients and by demanding child support payments from absent parents.

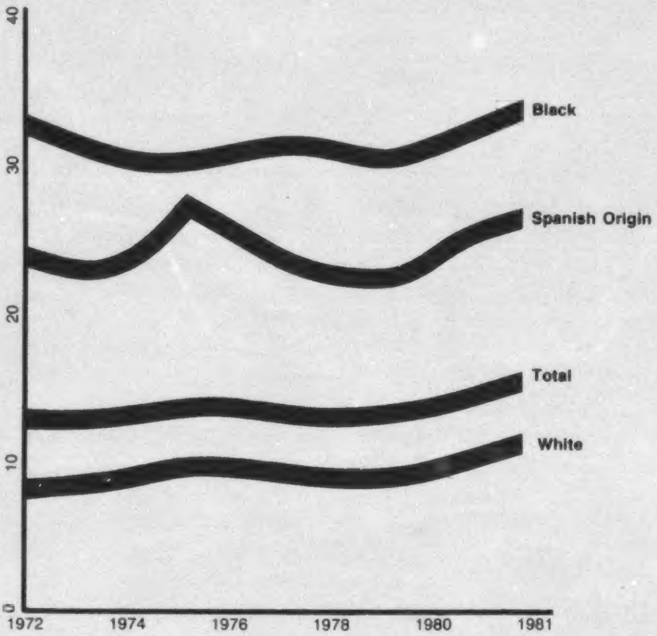
Food Stamps—In 1981 the food stamp program provided twenty-two million Americans with coupons equivalent to cash for the purchase of food. To qualify for this program, a family of four must have an income of $12,096 or less (lowered from $14,000 in 1982). An estimated $12 billion in food stamp benefits was paid out in fiscal year 1983. The president's budget proposes reducing food stamp payments to $11.7 billion in 1984. The president's proposal assumes that Congress would force able-bodied recipients to register for work, postpone cost of living allowance increases for six months, and hold states liable for overpayments.

Supplementary Security Income (SSI)—Begun in 1974, this program provides cash benefits for the blind, the disabled, the elderly, and others unable to work. In 1983 more than 3.7 million people received SSI benefits at a cost of about $7.5 billion. The administration's budget proposes that benefits be increased to $7.8 billion in FY 83, although fewer people would qualify under the newly revised rules.

Medicaid and Medicare—Medicaid and Medicare, the most expensive welfare programs, provide the poor and elderly, respectively, with free or subsidized medical care. In fiscal year 1983 Medicaid payments to poor people were projected to exceed $35 billion, of which the federal government's share would be $19.3 billion (55 percent). Medicare benefits to the elderly, of which the federal government pays 100 percent, are expected to total approximately $56.1 billion in fiscal year 1983.

Low-income Energy Assistance—Supported by revenue collected through the Windfall Profits Tax (see chapter about energy), this program provides funds to help the poor pay their fuel bills for heating (in northern states) and air conditioning (in the Sun Belt). The president asked Congress to reduce this program from $2 billion to $1.3 billion in 1984, primarily by directing a greater share of the funds to northern states and to those states with large low-income populations, and by eliminating a program to insulate homes of low-income families. Although the congressional budget is tight, many members will fight to keep the program at its current levels.

Public Housing—The Department of Housing and Urban Development (HUD) will spend approximately $9.6 billion in 1983 to build low-cost public housing projects, assist in private low-cost housing construction, and subsidize



U.S. Poverty Rate

(Percentage of the population with incomes below the poverty level)

Source: Census Bureau

rent for poor people living in public and private housing. In its 1984 budget the administration proposed halting all government-assisted rental housing construction, instead giving poor people vouchers to help pay for their housing needs. The average voucher would be for about $2,000 a year. The housing budget would still increase, however, as the government pays for earlier housing projects.

CETA Job Programs—The Comprehensive Employment and Training Act was established in 1973 to provide job opportunities for teenagers, low-income persons with long-term employment problems, and unemployed people laid off during recessions. At one time CETA provided more than 725,000 jobs. In 1981 the Reagan administration urged Congress to end the programs, which during the years had been plagued with reports of fraud, abuse, and waste. Congress acceded to the president's wishes, although it did authorize money for some CETA programs, including Job Corps, summer youth jobs, joint programs with businesses, and some other job training programs.

Social Security—Actually named Old Age, Survivors, and Disability Insurance (OASDI), Social Security is by far the largest welfare program. In 1983 OASDI provided funds to nearly thirty-six million retired and disabled people, or their survivors, at an estimated cost of $168 billion. Unlike other welfare programs, Social Security is not part of the general budget. It is a self-perpetuating trust fund with its own income. Every working person in America, with the exception of federal employees and some state and local employees, pays Social Security taxes.

In early 1983 Congress passed a refinancing plan for the Social Security system. Without the changes, the system would have run out of money for paying benefits in mid-1983. The central problem was that the American population has aged. More Americans have become eligible to receive Social Security, yet fewer younger Americans are available to contribute money to the trust fund. To prevent the fund from running dry, either payroll taxes had to be increased, or benefits had to be reduced. Congress chose to do both.

The Social Security reform Congress decided upon will raise $165 billion over the next seven years. New revenue will be raised by increasing payroll taxes paid by employers and their workers, and by self-employed individuals; by requiring new federal workers to join the Social Security system; and by taxing the Social Security benefits of higher-income individuals and couples. Savings will be made by gradually increasing the retirement age at which one becomes eligible to receive benefits from sixty-five to sixty-seven, by the year 2027, and by delaying the annual cost of living allowance for six months.

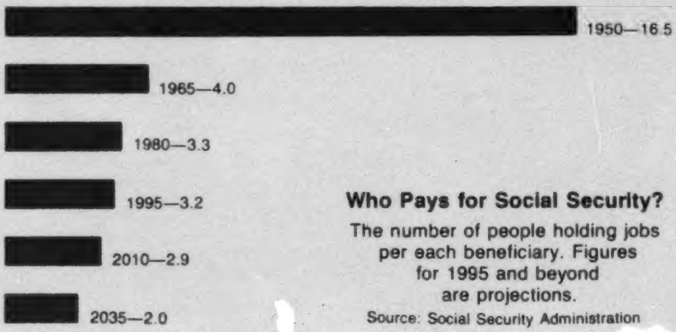
CURRENT ISSUES

Budget Cuts: Who Has Been Hurt?—The Reagan administration has been criticized for caring more about the rich than the poor. The critics contend that although the middle and upper classes have had to make some sacrifices, the major weight of the president's budget cutting has been on the poor, those least able to absorb the shock. According to a study by the Urban Institute, the largest income reduction sustained by any group as a result of the president's budget and tax cuts fell upon families just above the poverty line. The incomes of these families declined 5.5 percent as a result of two years of the Reagan administration's budget policies.

Reagan aides maintain that blame for the disproportionate impact of the budget cuts on the poor lies with the Democrats in Congress, who staunchly defended programs that benefit the middle class. The administration also believes that although the poor did fare less well than others, the "pain and dislocation" predicted by many opponents of the cuts did not appear.

The Democrats are certain to make President Reagan's cuts in social services one of their top issues in the 1984 election. Democrats will also point out that their alternative 1984 budget did not cut social welfare programs as much as the president's budget did and that their budget still would produce a smaller deficit than the president's proposed budget would produce. (See article about the budget).

The president proudly defends his budget cuts. The administration points to its successes: The "runaway growth" of social welfare programs has been curbed, yet spending for non-defense programs is still 95 percent more than it was in 1970; the working poor, who previously received welfare checks to



Who Pays for Social Security?

The number of people holding jobs per each beneficiary. Figures for 1995 and beyond are projections.

Source: Social Security Administration

supplement their income, have been weaned away from welfare benefits and have not quit their jobs to receive higher benefits; and the cut in spending has resulted in lower inflation and an economy that appears to be "on the mend," as promised.

Vouchers—The administration has proposed that vouchers be used to provide government subsidized housing, medical insurance, and even jobs for the poor and long-term unemployed. A voucher is a type of coupon that has been widely used in the food stamp program. In this program people use the stamps to pay part of their grocery bill, then the grocer receives payment for the stamps from the government. President Reagan has suggested that the poor could use housing vouchers to pay part of their rent on any kind of house or apartment they might choose. Health vouchers could be used to pay for private medical insurance, presumably at a lower cost than Medicaid or Medicare would charge the government for the same services. And recipients of extended unemployment compensation could take job vouchers to prospective employers, who could redeem them for a cash bonus for hiring the individual.

Vouchers have some appeal to liberals and conservatives. They are considered better than cash since they cannot be squandered on something useless. Yet beneficiaries do have a choice about how to spend their voucher (they can choose their own house and food). There is greater dignity in receiving a voucher than in living in public housing or standing in a food line. Finally, the private sector plays a greater role than the government in providing the actual services.

On the negative side, vouchers only work when there is an ample supply of goods to be purchased and when the existing structure for providing those goods is already competitive. Critics believe that housing vouchers will not work because housing is in such short supply. And unlike public housing programs, housing vouchers will not increase the supply of housing. Insurance companies also doubt that a health voucher will work. They say that Medicare and Medicaid are so large that they can provide services more cheaply than private insurance companies. A jobs tax credit voucher is criticized as being a stigma to those who would use it.

Some critics believe the president's voucher proposal is merely a ruse for gutting social programs, keeping with the spirit of Reagan's budget cuts. They feel that existing programs have been responsive to public needs and that they do not need to be dismantled to make room for something new.

Medicare—A study by the Congressional Budget Office predicts that the Medicare trust fund will be depleted by 1987 or 1988. The annual report of the trust fund sets the depletion date at 1989, or sooner if the Social Security system fails to pay back money it has borrowed from the Medicare trust fund. Another study predicts that by 1995 the cost of running Medicare will exceed revenues by $200 billion to $400 billion. The problem of Medicare is similar to the one faced by Social Security: The number of elderly men and women in the country is increasing. Another problem is the escalating health costs, which are projected to increase at an annual rate of 13.2 percent through 1995. Revenue for the Medicare trust fund, which comes from Social Security payroll deductions, will only rise 6.8 percent annually.

To keep Medicare solvent through tax increases alone would require a steady increase in the tax rate from 1.3 percent to 2.5 percent in 1995. Other solutions to the financing problem include hospital cost controls, which would have to be more stringently applied than anything yet proposed, or higher charges for Medicare services.

President Reagan has received criticism for his solution to the Medicare problem because under his plan patients would be charged more for routine hospital care. The president says his program helps protect the elderly from the expense of a long-term hospital stay. Under current law, the cost a Medicare beneficiary would bear for 150 continuous days in the hospital is $13,475. After that, Medicare would pay nothing. Under the Reagan plan the most a patient would have to pay the hospital would be $1,529.50, no matter how long the stay. But critics of the administration point out that under current law, a Medicare patient would pay $350 for an average stay (eleven days), but that under the Reagan plan he or she would pay $630. To come out ahead under the Reagan plan, the critics charge, a patient would have to be hospitalized for seventy-four consecutive days.

The other proposed solution to Medicare's financing problems—controlling hospital costs—would be fought hard by the medical community, particularly by hospitals. Hospital adminstrators argue that their cost increases are legitimate and that they are made especially acute by wage demands by traditionally low-paid nurses and orderlies, by the cost of new technology, and by the rising cost of malpractice insurance.

OUTLOOK

The president has had two years of success in cutting the social welfare budget. Will he have more? Probably not. The 1982 elections filled Congress with more Democrats, and the election results have warned lawmakers who previously supported the president that the public thinks domestic programs have been cut enough. Democrats have also come up with a budget plan that increases social spending, increases defense spending at a slower rate than the administration has proposed, and reduces the budget deficit more than the president's budget. It will be a hard package to defeat.

THE DEBATE

Social Welfare Programs

Does the Reagan Budget Provide Enough for the Truly Needy?

PRO	*CON*
● Welfare programs have been full of fraud and abuse. The lower budget merely accounts for the overwhelming impact of fraud on the system. The lower budget will force the government to scrutinize carefully who gets money and who does not. Benefits to the handicapped, the aged, and the sick—the truly needy—need not be cut.	● The administration greatly overestimates the amount of fraud in social welfare programs. The budget cuts have hurt the "truly needy" more than they have hurt the few who abuse the system. This country, the richest in the world, has a moral obligation to help its poor, elderly, and handicapped.

Are Vouchers a Good Idea?

PRO	*CON*
● Yes, vouchers can provide government support to the poor without stripping them of their dignity. They've already proved their worth in the food stamps program by allowing people to purchase the food they like at the grocery store instead of lining up at a soup kitchen. An expanded voucher program would let recipients choose which house or apartment to rent and which type of health insurance to purchase. The best argument in support of vouchers is that the main provider of services would be the private sector instead of the government.	● Before we dismantle our present social welfare system, we should question whether vouchers would provide better service or whether they would simply be an excuse for further budget cuts at the expense of the poor. Although the voucher idea has worked with food, it is unlikely that it would work as well with other human assistance programs. For example, vouchers could not ensure that the poor would get adequate housing, since there is a shortage of affordable housing. Vouchers, unlike public housing programs, would not create

Should Benefits Be Cut to Save the Medicare System?

PRO	*CON*
● In the next few years the Medicare system will run out of money unless some drastic action is taken. Doubling taxes over the next twelve years would save the system but would break the budgets of the working population, which will have to pay higher Social Security taxes anyway. President Reagan's proposal is a good one. His plan goes further than Medicare in ensuring that the elderly won't be stuck with enormous bills for long-term hospital care. But his plan makes sure the government doesn't replace private medical insurance and that it doesn't have to provide routine health care for those who can afford it.	● Being sick shouldn't cost you your life's savings, which is what the Reagan Medicare plan would do. For most Medicare patients, who stay an average of eleven consecutive days in the hospital, the Reagan plan would be twice as expensive as current Medicare coverage. The Reagan plan does not provide better coverage until the seventy-fourth day of hospitalization. We made a commitment to our senior citizens to provide affordable health care through the Medicare system. We shouldn't renege on that promise now.

Civil Rights

If you were black, or Hispanic, or a member of another minority living in America during the first half of the 20th century, you found that the good jobs you applied for went to whites. Residents of white neighborhoods did not want you and made sure that even if you had the money, you could not move in. The good schools were for the whites. You even had to give up your seat on the bus to a white person. America was a separate and unequal society.

The 1960s ushered in vast changes in civil rights laws to protect minorities from discrimination. A constitutional amendment and comprehensive legislation were passed to guarantee voting rights and to fight segregation. Court-ordered methods for ending years of segregation and discrimination, such as busing and affirmative action programs, also significantly affected the classroom and the workplace.

During the 1970s the cause of minorities received less attention than it had in the 1960s, but now the issue has been revived. Minority groups feel threatened by new proposals to end affirmative action programs, outlaw busing, and give segregated schools the same tax breaks as other private schools.

The civil rights concerns of the 1980s have been extended beyond the race issue, however. Other groups that have been discriminated against—for example, women, the elderly, and the handicapped—also want legislation or regulations to protect their rights. And civil libertarians worry that new Reagan administration proposals to fight terrorists will threaten all our civil rights by realizing George Orwell's fictional *1984* vision of a totalitarian society in that very same year.

KEY QUESTIONS:

- Should the federal government maintain programs designed to protect the rights of minorities?
- Should affirmative action programs be outlawed as a form of "reverse discrimination"?
- Should local governments be allowed to bus students to integrate schools?
- Should the proposed Equal Rights Amendment be reconsidered?

BACKGROUND: Landmarks in Civil Rights History

"Separate but Equal"—Three constitutional amendments gave ex-slaves the full rights of citizenship after the Civil War: the 13th abolished slavery, the 14th guaranteed civil rights, and the 15th guaranteed the right to vote. However, racial prejudice continued. After Reconstruction, southern whites returned to power and reinstituted segregation on a wide scale. "Jim Crow" laws segregated such public facilities as schools, buses, and water fountains. These laws were upheld in the 1896 Supreme Court decision *Plessy v. Ferguson*, which said segregation was legal as long as "separate but equal" facilities were provided.

President Harry Truman introduced the first comprehensive civil rights legislation in 1948. Truman's legislation included voting and fair employment laws, an anti-lynching bill, and prohibitions against discrimination in such interstate transportation facilities as trains. But it was nine years before any comprehensive civil rights legislation passed Congress. The first efforts at civil reforms came from the Supreme Court.

Brown v. Board of Education of Topeka—Decided in 1954, this case was a first step in the modern civil rights movement. The Supreme Court unanimously ruled that maintaining separate schools for blacks and whites is unconstitutional because separate schools can never offer equal educational opportunities. The Supreme Court ordered school systems to desegregate at "all deliberate speed." Later court decisions ordered desegregation in northern communities, where forms of segregation were more subtle and where geography was often used as an excuse for segregating schools. To ensure integration, many judges ordered white children bused to predominantly black schools and black children bused to white schools. The issue of busing is still one of the most controversial in the country.

Civil Rights Act of 1957—This was the first attempt to institute comprehensive civil rights legislation since Reconstruction. It made attempts to prevent people from voting in federal elections illegal and created the U.S. Civil Rights Commission and the Civil Rights Division of the Justice Department.

Civil Rights Act of 1960—The 1957 act had no teeth. The 1960 act gave courts the power to enforce civil rights laws, required the preservation of voting records so clerks could not destroy blacks' voter registration cards, and made racially motivated bombings and obstruction of desegregation orders a federal offense.

The 24th Amendment—In 1962 Congress passed a constitutional amendment barring the use of a poll tax—a tax levied to prevent poor blacks from voting—or any other tax in a federal election. The amendment was ratified in 1964. A Supreme Court ruling in 1966 extended the amendment to state and local elections as well.

Civil Rights Act of 1964—This landmark legislation prohibited discrimination in such public accommodations as restaurants and hotels and in programs receiving federal aid. It also prohibited job discrimination by employers or unions, set up the Equal Employment Opportunity Commission, and strengthened enforcement of voting and desegregation laws.

Voting Rights Act—Passed in 1965, the Voting Rights Act forbids literacy tests, poll taxes, and intimidation of voters in any state. In communities with a history of discrimination, federal examiners ensure that proper voter registration and election procedures are followed. These communities must also clear in advance (or "preclear") any changes in election laws and provide proof that the changes will not discriminate against minorities. This includes the drawing of new voting districts after census years. New York City, for example, was forced to delay primary elections in September 1981 because a federal court ruled that the new district boundaries took voting power away from minorities. Nine states—Alabama, Alaska, Arizona, Georgia, Louisiana, Mississippi, South Carolina, Texas, and Virginia—and portions of thirteen other states, including the New York City boroughs of Brooklyn, Manhattan, and the Bronx, must meet the preclearance requirements.

Protection from Discrimination in Housing—In 1968 Congress extended civil rights protection to prevent discrimination in the sale or rental of 80 percent of the nation's housing. The legislation also protected the rights of people to attend schools or work, and included special provisions to protect civil rights workers from attack or harassment.

Affirmative Action—First applied in the late 1960s, the concept of affirmative action grew out of court attempts to end racial discrimination, especially in hiring and higher education. To make up for years of job discrimination, courts ordered some employers to give preference to minority workers.

Critics of affirmative action say it forces employers to consider race before ability when hiring and therefore amounts to "reverse discrimination." In two conflicting landmark decisions, the Supreme Court said that racial quotas alone could not be used as a basis for university admissions *(Regents of the University of California v. Bakke, 1978)*, but also held that voluntary affirmative action programs were in keeping with the spirit and letter of the 1964 Civil Rights Act *(United States Steelworkers v. Weber, 1979)*.

Voting Rights Act Extension—On June 29, 1982, President Reagan signed into law an extension of the Voting Rights Act, bringing to a close eighteen months of passionate debate. The new law extends for twenty-five years the requirement that nine states and portions of thirteen others must get Justice Department approval for any election law changes. Leaders from these areas had argued that they no longer needed to be supervised, but the United States Commission on Civil Rights reported that harassment and intimidation of minority voters and candidates persisted. A second provision in the extension, however, allows those jurisdictions to avoid the preclearance requirements if they can prove to a three-judge panel that they have had a clean voting rights record for ten years.

The extension also overturned a 1980 Supreme Court decision stating that an intent to discriminate must be proven before a community can be cited for violating the Voting Rights Act. The new law allows certain violations to be proven by showing that an election law resulted in discrimination regardless of intent. A fourth provision of the bill extends until 1992 the requirement that certain areas provide bilingual election materials.

Integration Gaining—According to a study by Karl Taeuber, a University of Wisconsin professor, America's big cities are gradually becoming more integrated. The study, published by the Citizens' Commission on Civil Rights, analyzed integration in neighborhoods of 28 major cities with more than 100,000 blacks residing in them. According to Taeuber, blacks are integrating suburbs and entering some white areas. The main reason for this, he said are fair housing laws and declining levels of racial prejudice. (See table for city by city comparison.)

CURRENT ISSUES

Affirmative Action—The Reagan administration opposes the idea of using quotas to end racial discrimination. Justice Department officials contend that quotas are 'morally wrong' and that hiring goals should be just that—goals to recruit more minorities—but that they should not be mandatory. President Reagan and other conservatives believe that affirmative action is really "reverse discrimination" because it forces employers to use race as a factor in hiring, sometimes giving less qualified minority applicants jobs ahead of whites. Opponents of such an amendment argue that affirmative action laws do not discriminate against whites as much as they make amends for decades of discrimination against minorities.

The Reagan administration has taken several actions to oppose the quota system. In December 1982 the administration entered a major "reverse discrimination" case on the side of white firefighters in Boston who were challenging an affirmative-action court order. In order to correct years of discrimination by the city the court had required that whites be laid off during municipal budget cuts rather than blacks and Hispanics with less seniority. The administration argued that the government should be "color blind." A month later the administration asked a federal appellate court to overturn a ruling requiring the New Orleans police force to promote a black officer for every white officer promoted until blacks constituted half the city's police force.

In addition to challenging affirmative action requirements in the courts, the Reagan administration has altered federal regulations to relieve relatively small government contractors of the need to prepare affirmative action plans showing how they would increase the representation of women and minorities in their organizations. The new regulations also relax rules enforcing the compliance of larger contractors' with affirmative action guidelines. Thirdly, the regulations prevent civil rights organizations and women's groups from filing discrimination complaints on behalf of workers who fear they might lose their jobs if they complained on their own.

Civil rights groups have strongly criticized the administration's opposition to affirmative action programs, arguing that such programs are still essential for correcting bias in job hiring. A report by the U.S. Commission on Civil Rights reported that job discrimination persists at an "alarming" level against women and black and Hispanic men at every age, education, and skill level.

Civil Rights Commission—In May 1983 President Reagan fired three members of the U.S. Civil Rights Commission who had been critical of his administration's civil rights policy. The president then appointed three men, all Democrats, who, like the president, are opposed to busing and affirmative action quotas. Civil rights groups promptly criticized the president for undermining the independence of the commission. Civil Rights Commission Chairman Clarence M. Pendleton, Jr., said he had asked the White House to replace four of his six fellow commissioners because he needed more conservative support to carry out the administration's civil rights goal of creating a "color-blind society."

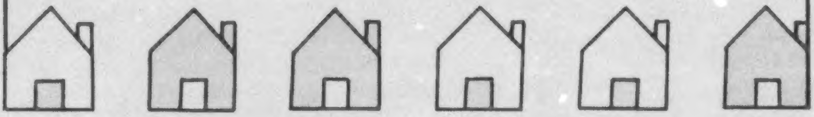
Busing—The Reagan administration has made it clear that it opposes the use of school busing to achieve integration. Attorney General William French Smith

Segregation in American Cities

Listed below are 28 cities with more than 100,000 blacks, ranked according to a segregation index. The index shows how well city blocks were mixed with blacks and non-blacks. If a city were totally segregated it would receive a 100 rating. The higher the score, the more segregated the city's neighborhoods.

City	1970	1980	City	1970	1980
Chicago	93	92	Los Angeles	90	81
Cleveland	90	91	Nashville, Tenn.	90	80
St. Louis	90	90	Boston	84	80
Philadelphia	84	88	Milwaukee	88	80
Baltimore	89	86	Washington, D.C.	79	79
Atlanta	92	86	Richmond, Va.	91	79
Kansas City	90	86	Cincinnati	84	79
Memphis	92	85	Newark, N.J.	76	76
Birmingham, Ala.	92	85	New Orleans	84	76
Dallas	96	83	New York City	77	75
Pittsburgh	86	83	Columbus, Ohio	86	75
Indianapolis	90	83	Detroit	82	73
Jacksonville, Fla.	94	82	Gary, Ind.	84	68
Houston	93	81	Oakland, Calif.	70	59

Source: Citizens' Commission on Civil Rights



calls busing ineffective and unfair, and has pledged to find more "practical and effective" approaches to the problem of equal educational opportunity. The Justice Department has also taken actions to avoid busing. Government lawyers asked a federal appeals court to reconsider the use of busing in Baton Rouge on the grounds that it had caused white families to flee local school systems. In Chicago, a federal district court judge approved as constitutional a desegregation plan for the city that does not include busing. Instead, desegregation would be encouraged through the use of voluntary student transfers to "magnet" schools, which would attract students to their specialized programs. Critics of the decision point out that Chicago has used the magnet school approach for six years with only modest results.

The Supreme Court does not share the administration's view on busing, as evident in its decision to leave intact a lower court ruling mandating busing in Nashville, Tennessee. Supporters of busing, however, fear the administration's opposition to busing in the courts may encourage some communities to abandon busing entirely, as the Norfolk, Virginia, school system did in 1982.

Within Congress there is also opposition to busing. In 1982 the Senate voted to bar federal courts from ordering busing plans that transport school children more than five miles from home or that take longer than fifteen minutes. (This bill was subsequently struck down when it failed to receive House approval.) Cosponsored by Jesse Helms (R-N.C.), John East (R-N.C.), Strom Thurmond (R-S.C.), and James McClure (R-Idaho), the measure would have allowed the Justice Department to have the courts overturn existing busing plans exceeding those limits. Another provision in the same bill would have prohibited the Justice

Department from pursuing discrimination cases that could lead to court-ordered busing. Opponents of the proposals, including the American Bar Association, argued that the proposed legislation might be unconstitutional, because it would deny courts a tool necessary to uphold the Constitution. Although the House rejected the bill in 1982, its sponsors have reintroduced it.

The Right to Privacy—Civil liberties groups are concerned that new government crime-fighting methods could lead to government intrusion in private lives, much as novelist George Orwell predicted in his book *1984*. Of major concern is the government's computer "matching" of public and private records to detect improper welfare and insurance payments, locate people who have failed to support their children, and find young men who have not registered for the draft. Advocates of computer matching praise the method's success in stopping waste and fraud. However, opponents fear that information on tax returns, for example, could be used for political blackmail.

Civil libertarians have also expressed concern about new federal guidelines making it somewhat easier for Federal Bureau of Investigation (FBI) agents to infiltrate organizations that use violence to "achieve political or social change." The new guidelines would change rules issued in 1976 after reports that the FBI had engaged in widespread spying on Americans in civil rights, antiwar, feminist, socialist, and communist organizations as well as the racist Ku Klux Klan organization and some other right wing groups. FBI Director William H. Webster assured a House subcommittee that the guidelines would only ease the Bureau's ability to investigate violence-prone groups, especially terrorist organizations. Civil liberties groups are concerned that the guidelines might infringe on the freedom of speech.

The Equal Rights Amendment—The fight for equal rights for women suffered a major blow in 1982 when the deadline passed for ratification of the Equal Rights Amendment. The amendment, which was passed by Congress in 1971, needed only the approval of three more states to be ratified. The text of the proposed amendment was, simply, that "Equality of rights under the law shall not be denied or abridged by the United States or by any state on account of sex." Proponents argued that the amendment would outlaw all forms of discrimination based on sex, such as lower salaries in jobs and unfair insurance and credit ratings, especially for divorced or widowed women. Opponents of the ERA argued that the deceptively simple wording of the law would disrupt family life, encourage legal abortions and homosexual marriages, and cause women to lose the privileges of alimony and exemption from the draft. The ERA was reintroduced on the first day of the 1983 session of Congress, and its proponents will once again fight to receive the approval of two-thirds of the House amd Senate and three-fourths of all the states.

OUTLOOK

Democratic party leaders will almost certainly exploit the perception of the administration as weak in its support of women's rights and the rights of minorities. Pollsters have found evidence of a "gender gap" in support for the administration, meaning that women, in particular, are much more likely to oppose the administration. Blacks and Hispanics are also expected to vote as a group against the president and the Republican party. Neither group had been particularly effective as a voting block until recently, when a strong voter registration drive in Chicago resulted in the election of Harold Washington as that city's first black mayor. The impressive show of strength of Chicago's black voters is already sending a message to lawmakers that minority groups may repeat their performance nationwide in the 1984 elections.

THE DEBATE

Civil Rights

Should Affirmative Action Regulations Be Eased?

PRO	*CON*
● The road to equal employment opportunity should not be paved with new varieties of discrimination against other groups. Employers should be able to hire the most qualified persons whether they are black, white, or green.	● If we ease affirmative action laws on the pretext of lessening the regulatory burden on business, we will send a clear message to the enemies of equal opportunity for women and minorities that they can feel free to evade the law. Equal opportunity would then become more a slogan than a reality.

Should Busing Be Banned as a Tool to Achieve Racial Integration?

PRO	*CON*
● Busing destroys neighborhood schools and creates many problems for parents and students. It is harder for parents to participate in their children's school activities if the school is on the other side of town. Busing takes schools away from the community, where they have traditionally belonged, and puts them into the hands of federal judges who do not live in the neighborhood.	● Busing is necessary to ensure equal educational opportunity. Furthermore, a seven-year study by Vanderbilt University found that all children have benefited from desegregation, especially those minority students who were bused when they began school.

Should the Equal Rights Amendment Be Reconsidered?

PRO	*CON*
● Federal laws have failed to protect women from discrimination. Discrimination takes the form of employers paying women less than men for the same work, insurance companies paying women smaller benefits than men, and banks refusing to give credit to recently divorced women who previously had their accounts in their husbands' names. The Equal Rights Amendment would put the power of the Constitution behind laws to protect women.	● A constitutional amendment is unnecessary and probably would do more harm than good. There are already many laws helping women fight discrimination. The people who ignore those laws will also ignore a constitutional amendment. The ERA would deny some legal protection to women. For example, it would rescind federal laws prohibiting women from being drafted or fighting in combat zones.

Energy

Before the 1970s few Americans ever expected to face an energy crisis. Supplies of energy, particularly oil and natural gas, had always been cheap and abundant, and Americans had built their lifestyles on the assumption that they always would be. We drove big cars that used far more gas than European or Japanese models. We lived in big, poorly insulated houses and filled them with labor-saving but energy-consuming gadgets of every description. So self-indulgent was our lifestyle that Americans, who constituted less than 6 percent of the world's population, consumed more than 30 percent of the world's energy production.

We paid a price for our indulgence. As we became increasingly dependent on oil imports to satisfy our thirst for energy, we became vulnerable to the rapidly rising prices charged by the Oil Petroleum Exporting Countries (OPEC) cartel. In 1973 OPEC sharply cut its oil production, forcing oil prices to skyrocket from a cheap $1.26 a barrel in 1970 to $9.40 in 1974. For the next six years OPEC continued its price-raising strategy, increasing the price of oil to almost $40 a barrel by 1980.

The long gas lines and high prices of the 1970s convinced many people of the dangers of relying so heavily on imported oil. President Carter proposed, and Congress passed, legislation to encourage conservation, stimulate domestic production, and spur development of alternative energy sources. Carter's energy policy and a national trend toward buying more fuel-efficient cars and driving less resulted in lower demand and a world-wide oil glut that has lasted since 1981. Prices have since plummeted, and the OPEC cartel has been sorely divided over pricing and production strategies.

Although some have welcomed the weakening of OPEC, others see potentially negative results. Lower fuel prices are having a disastrous effect on poorer, non-OPEC oil producers, such as Mexico, and on the banks that have relied on OPEC deposits to keep them sound. Another effect is that investment in alternative energy sources has dried up because crude oil is now much cheaper than synthetic fuels will ever be.

Meanwhile, it appears that nuclear energy will not be a significant source of energy in the near future, either. The 1979 Three Mile Island reactor accident and deficiencies found in other reactors have made a growing segment of the public concerned about the safety of nuclear energy.

KEY QUESTIONS:

- Is the "energy crisis" over?
- Has OPEC's hold on the oil market been irrevocably weakened?

- Should the government play a role in determining energy prices and regulating the development of new and traditional fuels?
- Should the government continue to invest in such alternative energy sources as solar power, synfuels, and gasohol?
- Should we build more nuclear reactors?

BACKGROUND: Alternatives to Imported Oil

Domestic Oil and Natural Gas—Although we use more oil than we produce, the United States produces more oil than any other country except the Soviet Union. Industry experts say America has enough oil in the ground in one form or another to supply its needs. However, much of it is scattered in small, unproductive wells or trapped in difficult-to-reach places that require expensive technology to tap. Higher oil and gas prices have made less productive wells profitable and have given oil companies an incentive to drill in places they previously would have avoided. Deregulation of domestic natural gas and oil has increased domestic production, but many people question whether we have enough oil to end our dependence on imported oil without relying on expensive technology.

Coal—The United States is the "Persian Gulf" of coal. According to some estimates, we hold 27 percent of the world's coal reserves. However, the costs of mining it (human, monetary, and environmental), the difficulty of transporting it, and the limited uses for it (you can't put it in your gas tank) make coal only a partial solution to America's energy needs.

Nuclear Power—Once it was heralded as the energy source of the future, but now the future of nuclear energy is in doubt. Although fuel and the technology to use it are available, questions about the safety of nuclear plants (especially after the nearly disastrous accident at Three Mile Island, Pennsylvania) and the disposal of extremely hazardous nuclear wastes make nuclear energy seem less desirable than it once did.

Synthetic Fuel—There are a number of "synthetic fuels" with great promise for the future. Among them are:

Shale Oil—Enormous quantities of oil lie trapped in the shale formations of the West. But extracting the oil is difficult and expensive, and westerners are concerned about the enormous amounts of water needed for the extraction process.

Coal Gasification/Liquefaction—Techniques for the large-scale conversion of coal into more usable gas or liquid forms are in various stages of development. However, an enormous investment will be necessary before production of significant quantities can begin.

Biomass—A renewable source of energy, biomass (any form of plant matter) can be used in two ways:

Direct Burning—At one time, wood was the main source of energy in the United States. Other more cost-effective energy sources have since reduced the importance of wood, but if energy prices were to rise more rapidly, wood (and other forms of plant life) could again become an important energy source.

Conversion to Ethanol—Ethanol, a type of alcohol, can be produced from any plant source, including surplus grain, wood chips, or even corn stalks. Blended with gas to form gasohol, it would help reduce oil consumption.

Trash to Electricity—Several communities already produce electricity on a small scale by burning their cities' trash. The power plant sells the residue, which can be used for paving roads, and the city gets paid for its garbage.

Solar Power—Solar energy might hold the greatest long-term promise for our energy future. A small fraction of the energy that reaches the earth from the sun could meet our energy needs indefinitely. However, solar energy is dispersed, making it difficult to gather sufficient energy for industrial or power-producing purposes.

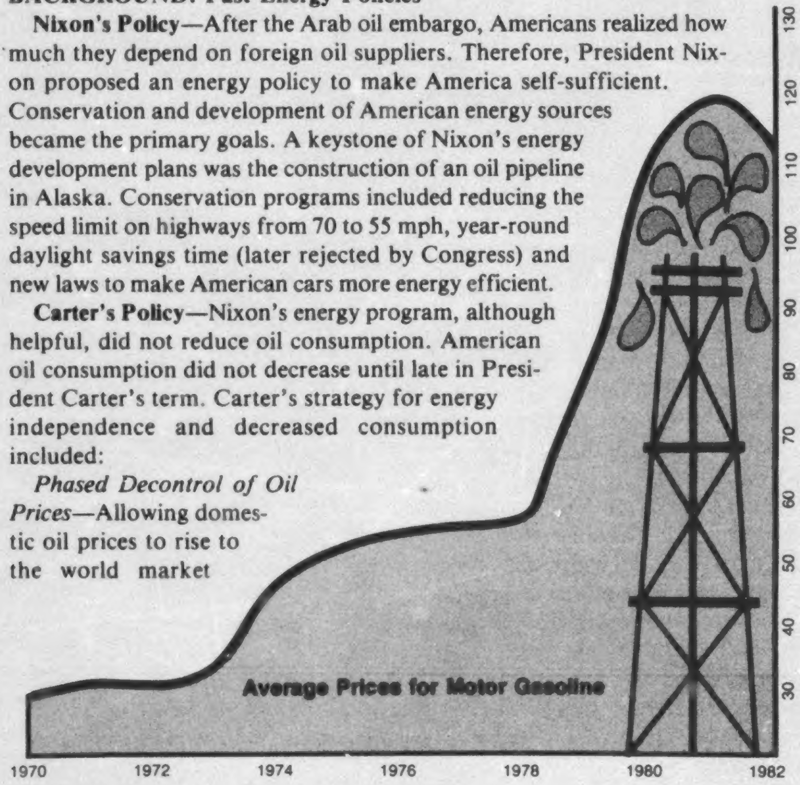
Conservation—In many ways conservation is the most obvious solution to our energy shortages. We waste vast quantities of energy. It has even been estimated that we could conserve 30 to 40 percent of the energy we now use without lowering our standard of living. However, this is largely a decentralized solution, dependent on actions taken by consumers rather than producers, and Americans have traditionally resisted conservation.

BACKGROUND: Past Energy Policies

Nixon's Policy—After the Arab oil embargo, Americans realized how much they depend on foreign oil suppliers. Therefore, President Nixon proposed an energy policy to make America self-sufficient. Conservation and development of American energy sources became the primary goals. A keystone of Nixon's energy development plans was the construction of an oil pipeline in Alaska. Conservation programs included reducing the speed limit on highways from 70 to 55 mph, year-round daylight savings time (later rejected by Congress) and new laws to make American cars more energy efficient.

Carter's Policy—Nixon's energy program, although helpful, did not reduce oil consumption. American oil consumption did not decrease until late in President Carter's term. Carter's strategy for energy independence and decreased consumption included:

Phased Decontrol of Oil Prices—Allowing domestic oil prices to rise to the world market



level, encouraging more oil development at home and greater conservation by consumers. As a result of decontrol, the oil industry drilled more wells in America than ever before, employing advanced technology to reach trapped oil and reopening old wells. The oil glut and the world-wide recession have slowed oil exploration, however.

Windfall Profits Tax—A tax on 60 percent of domestic oil company profits resulting from decontrol.

Synthetic Fuels Corporation—A public corporation funded by the windfall profits tax that gives loans to companies working to develop synthetic fuels.

Creation of a Solar and Conservation Bank—A federally run bank providing loans and subsidies for home improvements that conserve energy or use solar energy. The Reagan administration eliminated this program during its first year in office.

CURRENT ISSUES

Is the Energy Crisis Over?—In March 1983 the price of regular leaded gasoline in many cities dropped to less than a dollar a gallon for the first time in three years. To many people it was further proof that the energy crisis was over. The lower prices were caused by a world-wide glut of crude oil. The oil glut itself was caused by several factors, including improved fuel conservation and increased production in the United States and in such new oil producing states as Mexico and Great Britain.

A major cause of the glut, however, is thought to be lack of discipline among the OPEC nations. During the years OPEC's revenues rose, their spending and financial commitments also increased. Many OPEC nations undertook massive campaigns to modernize their countries, building factories, universities, and housing for their citizens. They bought the latest military hardware to meet nearby military threats and to augment their country's prestige. By 1978 the OPEC states collectively owed more money to the rest of the world than the rest of the world owed them. The profits from the second round of price increases in 1979 also were quickly spent. With debts to pay, the poorer of the OPEC nations could not afford to cut back production in order to stop the decrease in oil prices. Iran and Iraq were even more desperate to maintain production levels in order to pay for the war they were waging against each other. These countries quietly sold their oil below the official OPEC price, undermining the cartel's pricing strategy and worsening the oil glut.

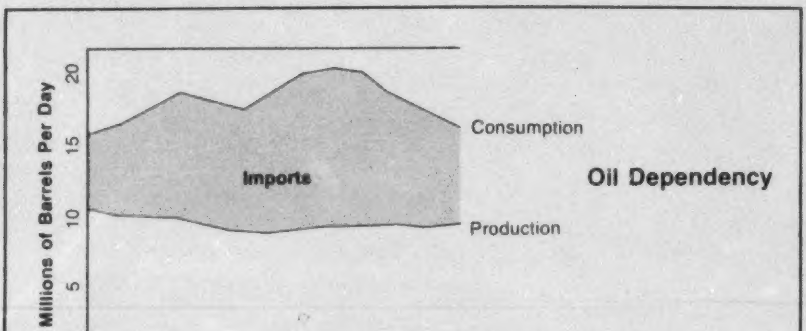
Lower oil prices should help the economy somewhat. According to some estimates, a twenty-five-dollar-per-barrel oil price would boost economic growth in the West 0.7 percent in 1983. However, an OPEC collapse and further price drop might also undermine conservation efforts and intensify the international debt crisis. With prices down, oil exporters like Mexico will have difficulty repaying their debts. Banks may lose billions of dollars as companies developing high-cost alternative energy sources fail. Ironically, the western states might soon be called in to save OPEC in order to protect international investors.

Energy and the Marketplace—During his campaign President Reagan spoke out against government interference in the marketplace, especially in energy.

The marketplace concept holds that ideally, prices go down when there is more of a product in supply than people want to buy. Likewise, prices go up when people want more of a product than the market has on hand. When prices are up, producers are encouraged to invest money to make more money. According to the president, the marketplace will help provide more oil, more fuel-efficient cars, and even devices to improve air quality, if that is what consumers are willing to buy. However, critics argue that the marketplace does not always promote the nation's interests. It cannot guarantee stable and fair prices, nor can it account for such intangibles as the value of clean air or the danger of energy dependence. A strong government role is necessary, they assert, to ensure that the marketplace accounts for those values.

Natural Gas Deregulation—The president has used the theory of the marketplace to defend his proposal to speed up the deregulation of natural gas. Natural gas prices are presently regulated by the Federal Energy Regulatory Commission; however, controls on new discoveries are scheduled to be lifted in 1984. The president has proposed speeding up decontrol of new gas and eliminating controls on gas drilled before 1977. The administration notes that prices went up during regulation in 1982 even though suppliers had an excess supply. The president argues that decontrol will lower prices for consumers and create incentives for new exploration. However, gas suppliers say that decontrol could cause prices to rise 20 percent, hurting low- and moderate-income people, especially senior citizens, who use natural gas to heat their homes in winter. Furthermore, consumer groups also argue against decontrol, saying that the natural gas industry is basically a monopoly (it has little competition) and therefore does not conform to the rules of the marketplace.

Energy Conservation and Alternative Energy Programs—The administration plans to phase out energy conservation and alternative energy programs during the next few years. The administration feels that oil price decontrol has done more for conservation than has any other federal program and that the private sector will develop alternative energy sources, such as solar energy, when they become profitable. Critics of the president argue that research into alternative



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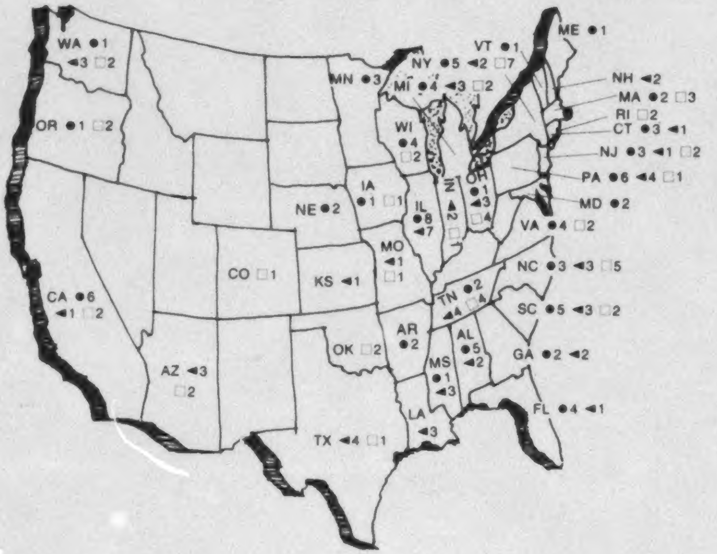
Nuclear Power Reactors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OK □2
TX ◄4 □1
MN ●3
IA ●1 □1
MO ◄1 □1
AR ●2
LA ◄3
WI ●4 □2
IL ●8 ◄7
IN ◄2 □
MI ●4 ◄3 □2
OH ●1 ◄3 □4
MS ●1 ◄3
AL ●5 ◄2
TN ●2 ◄4 □4
GA ●2 ◄2
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NJ ●3 ◄1 □2
CT ●3 ◄1
RI □2
MA ●2 □3
NH ◄2
VT ●1
NY ●5 ◄2 □7
ME ●1

Number in each state as of January 1, 1983

● Licensed to operate (83)
◄ Under construction (59)
□ Reactor closed or construction canceled since accident at Three Mile Island (50)

Source: Atomic Industrial Forum

energy sources must be funded now so that development of these resources can begin as soon as they are needed.

Critics of Reagan's decision to phase out alternative energy programs note that private sector funding of synthetic fuels technology has been dwindling. For example, the Exxon Corporation withdrew its funding from a Colorado oil shale site in 1982, saying that the project had become too expensive and was not warranted, especially with an oil glut making gasoline less expensive. Those who believe the government should fund the development of synthetic fuels point to the Exxon closing. They say it demonstrates that private development of synfuels and other alternative energy sources is unreliable and that the government should invest more capital in research and development.

Nuclear Energy—Since the accident at Three Mile Island in 1979, the development of nuclear energy has virtually ceased. Concerns about reactor safety and nuclear waste disposal are at least partly responsible for the complete halt in orders for nuclear power plants during the past four years. More important to the utility companies, building nuclear reactors has become too expensive, and demand for electricity has dropped, making new power plants unnecessary.

Nevertheless, the Reagan administration has ambitious plans for nuclear power. The FY 1983 budget proposal includes $1.3 billion for nuclear power research. (In comparison, $138 million would be spent for fossil fuels research.) The president also wishes to ease the industry's regulatory burden. One way would be to grant nuclear plants a construction and operating license after only one set of hearings. Presently, hearings must be held before construction can begin and again just before the plant is ready to begin operation. Advocates of the plan argue that it would greatly lower the cost of building nuclear reactors. However, critics argue that the second set of hearings is essential to ensure that there are no serious construction defects. As evidence that a slow and careful evaluation of each plant's safety is essential, the critics point to the Zimmer Nuclear Power Plant, under construction near Cincinnati, which has suffered from a large number of structural defects.

OUTLOOK

The energy issue has changed a great deal since 1980. Americans are conserving more, oil imports are down, and OPEC oil prices have declined. The price decreases should help stimulate our economy. But the low prices will slow the discovery of new oil sources and the development of alternative energy sources. It is also unlikely that new nuclear plants will be constructed. With no energy crisis on the horizon, protests against the construction of nuclear power plants will be more likely than construction of new plants.

THE DEBATE

Energy

Is the Energy Crisis Over?

PRO	CON
● The marketplace has finally had a chance to work. Decontrol of oil has helped create an oil glut and lower prices, and we did it without long-term rationing or strict government controls. Now that the energy problem has been licked, the country can get back to business.	● Today's oil glut is simply an illusion. There is still a limited supply of oil in the ground, and eventually we're going to use all of it. Now is the time to pass laws to ensure fuel conservation and to encourage the development of new energy sources.

Should the Government Leave Alternative Energy Research to the Private Sector?

PRO	CON
● Government interference in the marketplace is unwise. Private industry can develop the sources of energy America needs much more efficiently than the government can.	● Government must take the lead in developing alternative sources of energy. The Exxon pullout of synfuels development proves that the hearts of the oil companies are in profits and not in energy independence. The problem is too crucial to be left in the hands of private industry.

Should We Build More Nuclear Power Plants?

PRO	CON
● The safety concerns about nuclear power have been overstated. Many more people have been killed or injured in the coal industry. Because we need every available source of energy now, it is foolish to ignore the potential of nuclear power.	● The costs of nuclear power outweigh the benefits. Although a disaster was averted at Three Mile Island, the accident demonstrated that one could occur. Furthermore, nuclear wastes pose a serious long-term threat.

Should We Decontrol Natural Gas Prices?

PRO	CON
● Like oil prices, natural gas prices should be permitted to rise to their free-market level. This would encourage production, conservation, and the development of alternative energy sources.	● Higher oil prices had little effect on domestic production; higher natural gas prices would be just as ineffective. However, as a dangerous consequence of decontrol, many elderly or poor citizens might freeze to death during an especially cold winter.

Aid to Cities

The death of a city and of a major American industry were featured in a popular record in 1983, Billy Joel's "Allentown." In Allentown, they're closing all the factories, he complains. And "Out in Bethlehem, they're killing time, filling out forms, standing in line." Allentown, Pennsylvania, got a bum rap. It is not dying, and its unemployment rate was no higher than the national average during the 1981-1982 recession. However, there are many other cities in the country, especially in the Northeast and Great Lakes regions, that do fit the gloomy picture of Joel's ballad. Cities in the Northeast face unusually high unemployment rates because of the decline of American heavy industry, especially steel and auto manufacturing. The exodus of other industries to the "sunbelt' regions, and the two-and-a-half-year recession have forced layoffs in those industries that remained. With businesses closed and workers unemployed, city tax revenues have plummeted.

Urban leaders are in a dilemma. Federal aid to cities has dried up in the last few years, and taxes cannot be increased without forcing more industries to move to other cities with cheaper tax structures. But the cities still have such enormous financial obligations as providing police and fire protection and maintaining old subways, roads, sewers, and public buildings. Some of these expenses can be delayed—and they have been—but city leaders fear that the day is coming when the repairs will have to be made at an even greater cost whether or not federal aid is available.

The Reagan administration is placing its hopes for reviving troubled cities on the private sector, stating that government programs have not solved the problems of cities—problems which have been years in the making. In place of direct government aid, the administration has proposed giving tax incentives for businesses to move into decaying urban neighborhoods. The administration also believes that federal spending cuts will revive the economy and that a revitalized economy will help cities more than federal aid programs ever have.

KEY QUESTIONS:

- How will cuts in urban development programs and human services affect the cities?
- Can "enterprise zones" attract new industry and jobs to hard-pressed urban areas?
- Should the federal government continue to subsidize mass transit?
- Should cities receive federal subsidies to repair decaying sewer and water systems, subways, and streets?

BACKGROUND

Suburbanization—Once, most Americans residing in metropolitan areas lived and worked in the inner city. But the availability of cheap, reliable transportation (cars) combined with the construction of the interstate highway system opened up areas for new housing outside the city. New federal mortgage insurance programs made it possible for millions of Americans to buy homes in the suburbs and adopt the new "suburban" lifestyle. In 1950, 60 percent of the population in metropolitan areas lived in the urban core. By 1975, 60 percent lived in the suburbs.

Jobs have moved to the suburbs as well. A location near docks or rail yards has become less important to industry than access to interstate highways. Suburban industrial parks have made it possible for industry to move from the central cities to the suburbs in the same metropolitan area. In addition, during the 1970s many companies in the North and East moved to the "sunbelt" regions in the South and West, seeking the benefits of cheaper land, labor, and energy. In the process, older cities lost millions of dollars in tax revenues and jobs. Unemployed workers do not pay taxes and need more government services such as welfare.

Enjoying the City for Free—Suburbanites enjoy the benefits the city offers: museums, libraries, universities, hospitals, specialty shops, and services. However, although they pay city sales taxes and contribute to the value of city real estate by patronizing city shops, suburbanites generally receive more benefits than they pay for.

Custodians of the Poor—In the exodus to the suburbs, the poor have been left behind. As a *New York Times* editorial said, the city is shackled with the "burdens of national poverty, social disorder, and world migration." More than 60 percent of the nation's poor live in large, central cities. In some of these cities, more than 20 percent of the population is below poverty level.

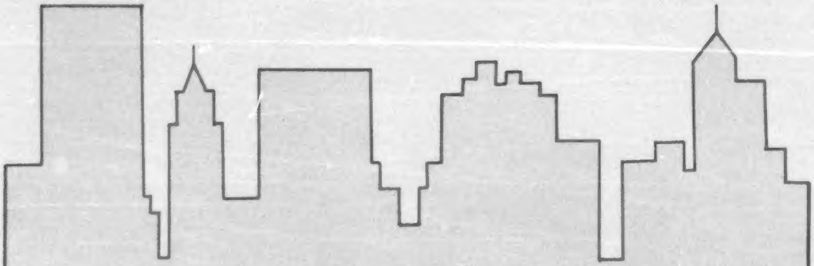
Declining Tax Base—As more wealthy citizens, large employers, and businesses leave central business districts, the tax base (the value of the property the city taxes to generate most of its revenue) declines. As a result, the same tax rate produces less money.

What can the city do? It could raise the tax rate, which in most cases is already higher than that of the suburbs. In the short term more revenue would be generated, but higher taxes would then make the suburbs look even more attractive to businesses and homeowners.

Services could be cut. But cutting job counseling and training programs, for example, could lead to longer welfare lines and higher crime rates. Cuts in police protection might increase crime. Cutting services would make the city even less attractive, and would persuade more and more people to move to the suburbs.

Cities could get federal or state aid. This is the most appealing short-term option. Federal aid to state and local governments increased an average of 15 percent per year between 1955 and 1978, but the president has already terminated or cut back substantially on federal assistance programs.

A city could annex its suburbs. By annexing its suburbs, a city could retain its tax base while avoiding higher taxes or cutbacks in services. Houston has



The Nation's Poorest Cities

(based on percentage of population below the poverty line)

1980	Percent poor	1970	Percent poor
1. Newark, N.J.	32.8	1. New Orleans	26.8
2. Atlanta	27.5	2. Savannah, Ga.	26.5
3. New Orleans	26.4	3. Chattanooga, Tenn.	24.9
4. Hartford, Conn.	25.2	4. Columbia, S.C.	24.6
5. Patterson, N.J.	25.2	5. Jackson, Miss.	24.1
6. Miami	24.5	6. Montgomery, Ala.	23.7
7. New Haven, Conn.	23.2	7. Mobile, Ala.	23.6
8. Baltimore	22.9	8. Birmingham, Ala.	23.0
9. Macon, Ga.	22.4	9. Macon, Ga.	23.0
10. Savannah, Ga.	22.3	10. Newark, N.J.	22.5

Source: Census Bureau

annexed its suburbs, but state law, local politics, and geography have prevented many other cities from following Houston's lead.

Housing Crisis—The shortage of affordable rental housing for low- and moderate-income families has reached crisis proportions. Public housing units are poorly maintained and policed, mainly for budgetary reasons. Absentee landlords have few incentives to maintain apartment buildings, especially if the cost of repairs would prevent the building from turning a profit. Many absentee landlords in downtown areas undergoing redevelopment see little reason to repair a building that eventually will be sold and demolished.

Putting Off Repairs—Many older American cities have put off needed repairs on streets, sewers, water mains, and subways because they cannot afford them. But these repairs cannot wait much longer. Meanwhile, the cost of emergency repairs alone could break a city's budget. The total cost of repairing America's cities is too high to estimate accurately, but some experts have pegged it in the hundreds of billions.

CURRENT ISSUES

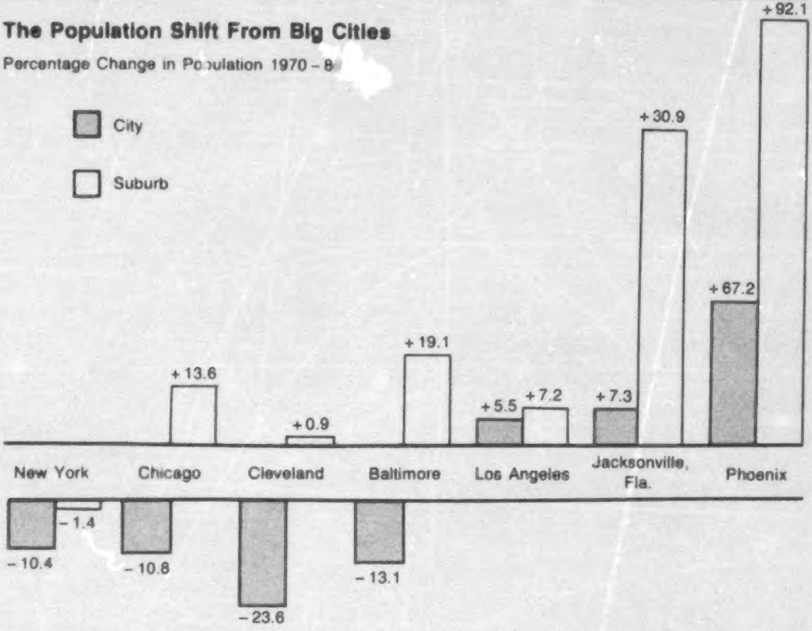
The Effect of Reagan's Budget Cuts—For the third straight year the Reagan administration has proposed reducing aid to cities, despite pleas from mayors that the cities can take no more aid cuts. Although the president's 1984 budget increased aid to cities and states from $93.5 billion to $95.9 billion, that gain comes largely from a $3.2 billion boost in highway funds from the new gasoline tax increase (see chapter about transportation) and a $1.5 billion increase in medicaid spending resulting from increased medical costs. Actually the budget calls for $2.7 billion worth of cuts in a broad range of social programs, including financial assistance to help poor people pay their winter heating bills, welfare, and sewage treatment—programs instituted by Congress. The reductions in, or elimination of, urban programs the president proposes would force cities to assume new responsibilities but with fewer overall resources and in a time of high unemployment.

The president claims he is streamlining federal activity, limiting it to those areas that are truly federal (nationally oriented), and transferring other responsibilities to states and localities. Urban leaders argue that the responsibilities they are being asked to assume were first mandated by the federal government. They compare this transfer of responsibility to a rich man's taking a poor man out for an expensive eleven-course dinner and then sticking him with the check.

It is almost impossible for most cities to continue formerly federally-financed programs at the same level as in previous years. Additional revenues will be hard to collect, since some cities face tax caps and many states are unable or unwilling to offer significant relief to distressed cities. Older cities will again be forced to delay repairs on city sewer systems, streets, and public buildings. Most cities will have to reevaluate their priorities and make new sacrifices on top of those made after the budget cuts of 1982 and 1983. The president, however, maintains that the short-term problems produced by the cuts will be alleviated by the long-term benefits of a rejuvenated economy.

Cutting Development Programs—In 1981 the president unsuccessfully tried to eliminate three urban development programs from the FY 1982 budget: Urban Development Action Grants, a program established during the Carter administration to stimulate major development projects in urban areas; Community Development Block Grants, which provide cities with funds to rehabilitate housing, maintain city-owned projects, and offer a variety of other services; and the Economic Development Administration, which is designed to reduce unemployment in distressed areas. All three programs survived the 1982 budget battle, and the president has retained the first two in the 1984 budget. However, funding for Community Development Block Grants is $109 million less than what would be needed to maintain the same buying power as last year and $200 million less than what was funded in 1981, before the administration began cutting the program's budget. Reagan says he will again try to terminate the Economic Development Administration, which provides loans and direct assistance for major urban projects.

Enterprise Zones—In his 1984 budget the president has resubmitted his 1983 proposal to create seventy-five "enterprise zones" in particularly depressed areas of America's cities during the next three years. Businesses that locate in the enterprise zones would receive special tax incentives. Jobs brought into the community by the new businesses would increase the tax base and improve the economy. The project requires almost no direct federal spending, but there will


The Population Shift From Big Cities

Percentage Change in Population 1970 – 8

be a cost in the form of lost tax revenue. President Reagan estimates that the federal government will lose only a maximum of $930 million each year after all seventy-five enterprise zones have been started. Other estimates of the lost revenue, however, are much higher.

Before enterprise zones can be created, three major issues must be resolved: 1) Where will the zones be? (Every legislator would like tax incentives for his or her district.) 2) Will safety or pollution regulations be suspended or eased in these areas? 3) How strict will local hiring requirements be? (The plan will not work if businesses only employ workers from outside the area.) These problems were partially responsible for the bill's not getting passed by the House Ways and Means Committee, and the administration fears Congress will add so many restrictions that businesses will see no advantage in locating in an enterprise zone.

Housing Assistance—In recent years low-income housing assistance (actually the rent subsidy program created by Section 8 of the National Housing Act) has been one of the fastest growing social programs. It has helped millions of low-income Americans pay their rent. In addition, developers who build low-income housing have been guaranteed that the federal government will help tenants pay their rent.

In his fiscal year 1984 budget request, President Reagan has called for a sharp cut in subsidized housing funds and a new program of cash vouchers to provide housing. New funds for housing would be reduced from $5.7 billion in 1983 to approximately $400 million in 1984, although this year's housing budget would be increased to pay for earlier commitments. The president's voucher plan would eliminate most rent subsidies and instead provide the poor with less expensive housing vouchers to help pay for housing of their choice. (Under Section 8, the poor and elderly pay only 30 percent of their income for rent; the government pays the difference.) The vouchers would have a set dollar value. The renter would pay the difference between the rent and the voucher, even if the cost were to exceed 30 percent of his or her income. Critics of the plan say most renters would end up paying more than they did before.

Rent Control—Most cities are also suffering from a shortage of rental housing. Many developers say they are unwilling to build new rental apartments because of local rent control laws. Rent control laws keep rents at lower than free-market levels.

In April 1982, the President's Commission on Housing, a thirty-member advisory panel, called for an end to rent-control laws and said that no rental housing financed with federally insured loans should be subject to such laws. Builders contend that apartment houses in rent-controlled cities do not guarantee enough of a return to attract investors. Proponents of rent control argue that without such laws, the elderly, poor, and lower-middle class would be forced out of their homes. A number of proposals are now being considered by Congress, while many local governments are reexamining the value of rent control in their communities.

OUTLOOK

There have been some encouraging developments in many cities. Attracted by central locations and bargain prices for homes, some young, upper-middle class families are moving back to the inner cities and restoring old houses (although sometimes at the expense of poor people who must relocate). However, as yet this movement has resulted more in "pockets of plenty" than in actual revival. The overall picture remains bleak for most American cities. Problems such as unemployment and crime are getting worse, while cities are forced to cut the services designed to control them. And the problem of decaying infrastructures (sewers, streets, etc), if left untreated, may prove disastrous in the long run.

THE DEBATE

Aid to Cities

Should the Federal Government Cut Aid to Cities?

PRO

- The experiences of the 1960s and 1970s have shown that we cannot spend our way out of problems. Only the private sector can open stores, create jobs for the unemployed, and upgrade the tax base of the cities. The cities should appeal to the private sector, not to Congress.

CON

- American cities are trapped by problems beyond their control. If we wish to rely on our cities as centers of culture and commerce, we must be willing to pay a price to keep them alive.

Should Congress Establish Special "Enterprise Zones" in Cities to Attract New Industry?

PRO

- Enterprise zones are a good idea. Enterprise zones rely not on government subsidies but on private industry to revitalize decaying cities. That can only be more effective and efficient.

CON

- Enterprise zones sound good, but they would probably help businesses more than cities. What is the difference between giving businesses a tax break and giving cities assistance? Both cost the federal government money, so why not put the money where it is needed?

Crime

John Hinckley, Jr., walked into a Dallas pawn shop in March 1981 and bought two .22-caliber handguns. He showed the clerk a Texas driver's license and filled out a simple federal form. The form did not reveal that Hinckley had been arrested in Nashville just days before and fined $50 for carrying three concealed pistols. Hinckley paid $45 for each of the guns, then carried them out of the store and to Washington, D.C. There, in the midst of dozens of armed policemen and secret service agents, Hinckley shot the president, a secret service agent, a D.C. policeman, and presidential press spokesman James Brady. As evidenced by the assassination attempt on the president, crime is not limited to bad neighborhoods, members of minority groups, or the poor.

There is some debate as to whether crime is actually increasing—police counts of reported crimes say the crime rate has been rising annually except for a slight decline in 1982; Census Bureau surveys suggest that crimes occur no more frequently than in previous years. But Americans definitely perceive an increase. A Gallup Poll found that fear of crime pervades American society, especially in urban areas, where 76 percent of the women fear walking alone at night in their neighborhoods. Fear of crime has driven up sales of home and personal protection devices dramatically, inspired millions of Americans to enroll in self-defense classes, and sparked the creation of neighborhood watch groups.

Early in 1983 President Reagan sent Congress a forty-four-point revision of the criminal code, which was intended to result in more convictions and longer prison terms. The revisions would permit the use in trials of some illegally obtained evidence, limit the insanity defense, increase mandatory sentences, and limit appeals to federal courts. Civil libertarians oppose some of the measures because they believe they violate constitutional freedoms. Other critics point out that putting more people in jail for longer periods will worsen the extreme overcrowding of prisons around the country. Other issues certain to be debated will be the death penalty, the insanity defense, and how to fight organized crime.

KEY QUESTIONS:

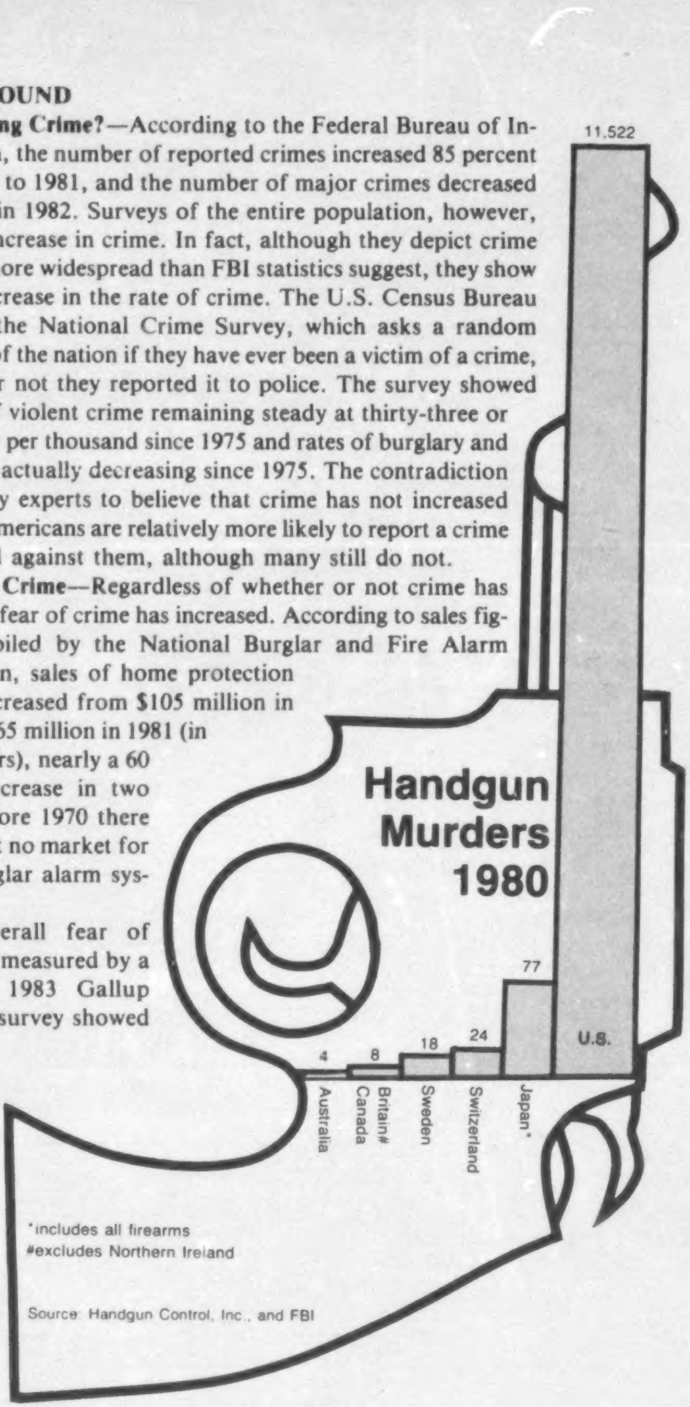
- Should the government tighten handgun controls?
- Should prison sentences be imposed without provisions for parole?
- Should bail be denied to suspects thought to be dangerous?
- Should the insanity defense be abolished?
- Should the death penalty be abolished?

BACKGROUND

Increasing Crime?—According to the Federal Bureau of Investigation, the number of reported crimes increased 85 percent from 1967 to 1981, and the number of major crimes decreased 4 percent in 1982. Surveys of the entire population, however, show an increase in crime. In fact, although they depict crime as much more widespread than FBI statistics suggest, they show no real increase in the rate of crime. The U.S. Census Bureau conducts the National Crime Survey, which asks a random sampling of the nation if they have ever been a victim of a crime, whether or not they reported it to police. The survey showed the rate of violent crime remaining steady at thirty-three or thirty-four per thousand since 1975 and rates of burglary and auto theft actually decreasing since 1975. The contradiction leads many experts to believe that crime has not increased but that Americans are relatively more likely to report a crime committed against them, although many still do not.

Fear of Crime—Regardless of whether or not crime has increased, fear of crime has increased. According to sales figures compiled by the National Burglar and Fire Alarm Association, sales of home protection devices increased from $105 million in 1979 to $165 million in 1981 (in 1979 dollars), nearly a 60 percent increase in two years. Before 1970 there was almost no market for home burglar alarm systems.

The overall fear of crime was measured by a February 1983 Gallup Poll. The survey showed



*includes all firearms
#excludes Northern Ireland

Source: Handgun Control, Inc., and FBI

that 45 percent of all Americans are afraid to go out alone at night within a mile of their homes.

What Causes Crime?—It is very difficult to say with certainty what causes crime, but many things are blamed. Highest on the list is unemployment. Unemployed people are more likely to be depressed and frustrated, and are therefore more apt to commit violent or anti-social acts. This is especially true in slum areas, where homicide is the leading cause of death among black men between ages twenty-five and forty-five.

Organized crime and youth gangs are responsible for nearly half the nation's violent crimes. Drug trafficking is linked to a large number of murders—one out of three in Miami—and the availability of guns and the growing willingness of people to use them also contribute to the high crime rate. More than fifty million guns are owned by private citizens.

Finally, only 20 percent of all criminals are caught. With many cities forced to reduce the size of their police departments, police have been unable to make the threat of incarceration real enough to discourage criminals from committing crimes.

Legal Rights for Suspected Criminals—Of the 20 percent of all criminals who are caught, many are released either because the police were unable to find sufficient evidence or because the police violated the suspects' constitutional rights. In 1966 the Supreme Court ruled that suspects must be read their legal rights before questioning *(Miranda v. Arizona)*, among them the right to remain silent and the right to a lawyer. If the police do not inform the defendent of his rights, any evidence gained from questioning cannot be used in court. Later Court decisions held that any evidence gained illegally, from an illegal wiretap, for example, must be excluded from the trial.

Overcrowded Prisons—Overcrowded federal and state prisons house 394,380 prisoners, almost 100,000 over capacity. The Justice Department expects a 14 percent increase in the prison population in 1983. Overcrowding has lead to increased violence in the prisons. In Texas, the number of inmate offenses in 1982 was 20,925, almost double the amount of the year before. Besides lacking sufficient space, existing prisons are old. More than half the nation's prisons were built before World War II, and one out of five was built before 1923. Despite public demand for longer sentences for convicted criminals, state and federal authorities cannot find the money or public support to build new prisons.

The Cost of Crime—The cost of crime is fantastically high. Premiums paid for burglary and theft insurance, homeowners multiple peril insurance, and automobile insurance for physical damage exceed $15 billion, although not all of that coverage applies specifically to crime. At the state and local level alone, police protection costs more than $600 million, and the cost of parole officers' and prison guards' salaries exceeds $250 million a year. None of this includes the cost of property loss, feeding prisoners, running the courts, lawyer fees, or, for that matter, the incalculable cost of a human life.

Availability of Weapons—Americans own fifty million guns. Saturday Night Specials, handguns that cost approximately $40, accounted for most of the eleven thousand handgun murders last year. Congress has tried to eliminate the cheap, inaccurate handguns by making their import illegal, but gun manufacturers have found a loophole, and they now import handgun parts and assemble them here.

Handgun purchases have risen dramatically in the past few years. In many states one can buy a gun as easily as groceries. Other states have more stringent controls, requiring identification and a written statement that the buyer does not have a criminal record. New York City forbids the sale of guns or their import into the city. The law, one of the toughest in the nation, is not very effective, however, because people who want guns can buy them out of town or from friends.

CURRENT ISSUES

In December 1983 Congress passed an anti-crime package that included tougher penalties for drug traffickers and "career criminals" and that would have established a new Cabinet-level office to direct and coordinate national and international operations against drug trafficking. President Reagan vetoed the bill, however, later proposing a substitute forty-four-point revision of the federal criminal code. Although it is unlikely that Congress will agree to all the provisions of the highly controversial proposal, the president's crime bill sets the agenda for the debate on fighting crime in America.

Modification of the Exclusionary Rule—The most controversial of the president's proposals is the change in the exclusionary rule, which prevents consideration of illegally-obtained evidence. The president wants a new law that would permit courts to consider illegally obtained evidence as long as the police officer acted "in reasonably good faith." Supporters of the modification argue that many criminals go free because an officer made a mistake in obtaining evidence. Critics charge that policemen would abuse the "good faith" exception, taking less care that the criminal's constitutional rights are protected. The critics argue that modifying the exclusionary rule will weaken the Fourth Amendment itself.

The Insanity Plea—One issue widely discussed in the wake of the Hinckley trial is whether to allow verdicts of "not guilty by reason of insanity." The theory behind the insanity defense is that a civilized society should not punish a person mentally incapable of controlling his or her conduct. In most U.S. courts, defendants must understand that they are breaking the law in order to be punished. If found to have been insane when a crime was committed, defendants are sent to a mental hospital until they are "cured."

Critics of the insanity plea argue that the defense allows criminals to escape punishment. The president's bill proposes making the defense applicable only to a person "who is unable to appreciate the nature or wrongfulness of his acts." A defendant would have to prove that he or she was insane at the time of the crime, rather than the prosecution having to prove he or she was sane. The bill would also exclude testimony from psychiatrists and other expert witnesses, who tend to give confusing and contradictory opinions on the defendant's mental state.

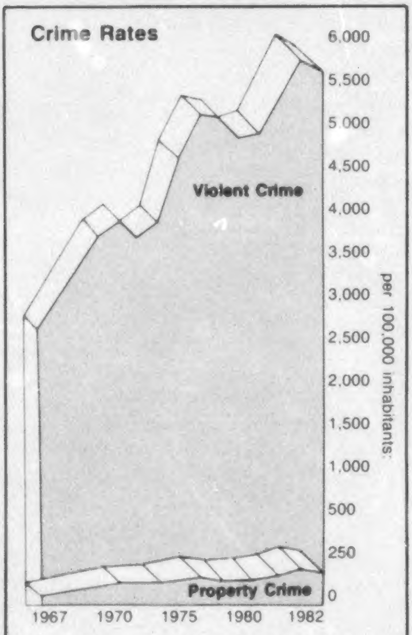
Some states have introduced a new verdict, "guilty but mentally ill," which permits judges to send insane defendants to mental hospitals for treatment and then transfer them to prisons after they have been cured. Idaho has gone further, abolishing the insanity plea altogether.

Most scholars favor retention of the insanity defense, however. A report by the American Bar Association argued that punishment is no deterrent to someone who does not know right from wrong. It points out that since the insanity plea rarely succeeds, the plea is considered a defense of last resort. Most juries are not very sympathetic to claims of insanity.

Ending Parole—The president's bill recommends the abolishment of parole for federal prisoners. Those in favor of ending parole argue that no one can really detect when a criminal has been rehabilitated and that prisoners have the right to know exactly how long they will spend in prison. Many prison officials question the proposal. They say that prisons are already bursting at the seams and that parole is one of the few ways of relieving overcrowding. Prison officials also worry that without parole, prisoners will have little incentive to behave themselves.

Bail Reform—The new crime bill proposes allowing judges to deny bail to persons considered a threat to the community. Normally, if suspects are likely to return for their trial, they may post bail and be released.

The Death Penalty—The president's bill proposes imposing the death penalty for such federal crimes as treason, espionage, and murder. In 1972 the Supreme Court ruled that capital punishment, as then applied by most states, was unconstitutional. Although many states have changed their laws to meet the Court's conditions for capital punishment, Congress has not yet reenacted the death penalty in federal cases. The issues are whether the death penalty deters crime, whether it can be applied fairly, and whether it constitutes a "cruel and unusual punishment" and therefore violates the Eighth Amendment.



Source: Federal Bureau of Investigation Uniform Crime Reports

Fighting Organized Crime and Drug Trafficking—The president's bill would strengthen laws against organized crime. Measures would include increasing the penalty for laundering money and allowing for the forfeiture of money and property that come from organized crime and drug operations. Although these measures have widespread support, some critics argue that since organized crime pays so well, it is doubtful that these penalties will hinder, much less deter, the activities of such criminals.

Gun Control—Although the president's package did not include any provisions for gun control, many lawmakers argue that violent crime cannot be curbed until handgun possession is severely limited. Proponents of gun control point out that handguns were involved in more than eleven thousand deaths in the United States in 1980. Handguns kill far fewer people in other countries (see chart).

Opponents of gun control, led by the National Rifle Association (NRA), argue that the Second Amendment to the Constitution, which guarantees citizens the right to "keep and bear arms," forbids any sort of gun control. These groups fear that any form of gun control, even requiring licenses for certain kinds of weapons, would only be a first step toward confiscation of weapons.

In 1981 a presidential task force on crime recommended some relatively mild forms of gun control. It suggested requiring registration of semi-automatic weapons, imposing a mandatory minimum sentence for crimes committed with a gun, requiring a short waiting period for gun purchases (to allow checks for possible criminal records), and prohibiting imports of gun parts used to make Saturday Night Specials. Advocates of a waiting period note that if John Hinckley had been forced to wait before purchasing a gun, he might never have had a chance to shoot the president.

Except for the mandatory sentence, however, these recommendations have encountered stiff opposition from the NRA and other gun lobbies. The organizations maintain that criminals do not purchase guns over the counter. Making it difficult for decent citizens to get guns will not stop criminals from getting them, they claim. Gun control groups have generally applauded the task force's recommendations, although they would prefer even tougher sanctions. However, NRA opposition has prevented the ideas from being included in any legislation.

Money for Prisons—The president's crime task force also called for $2 billion in federal subsidies to help states build new prisons during the next four years. Because prisons are overcrowded, the panel said, judges are endangering the community by granting probation instead of prison sentences. However, the cost of prison construction is considered too high to win the president's approval in light of his recent budget cuts.

Aid for Crime Victims—In 1982 Congress passed a victim protection bill that established a system under which convicted criminals would help repay the costs of their crime to the victim. Other proposals to help victims include the development of "victim-witness" programs. Many such programs, already in existence, have volunteers who do anything from quickly replacing glasses or hearing aids lost in a crime to interceding with the victims' employers and creditors and keeping the victim informed of all developments in the trial.

OUTLOOK

There is not much chance that the president's entire package will receive congressional approval. The House of Representatives often fails to pass such large packages without inserting additional provisions. But there are many supporters for bail reform, ending parole, and changing the exclusionary rule. These might pass, but not without a noisy debate.

THE DEBATE

Crime

Should Handguns Be Registered?

PRO

- Registering handguns and making gun buyers wait before receiving a gun reduces the likelihood that someone will buy a gun and murder someone on impulse. A complete record check would make it more difficult for criminals to buy a gun.
- The Constitution does not ban gun registration. The Founding Fathers probably would have approved of registration as an efficient means of gathering a militia force.

CON

- Registering firearms will not prevent criminals from getting guns. If they want a gun, they can easily get one. Gun control laws will just prevent law-abiding Americans from buying guns to protect their homes.
- Gun registration would be only the first step toward a complete ban of handguns. It would provide the necessary information for the authorities to unconstitutionally confiscate guns.

Should Protections for Suspected Criminals Be Maintained?

PRO

- Weakening the rights of defendants endangers everyone's rights in the long run. If the police are allowed to catch criminals by using illegal wiretaps or by entering homes to conduct illegal searches, they will be able to do the same thing to anyone.

CON

- The rights of the public have to be considered as well as those of the criminal. Throwing out the case against an obvious felon because the police did not read him his rights is an insult to the victims of that crime and to all law-abiding citizens.

Should the Insanity Defense Be Retained?

PRO

- We cannot hold people responsible if they do not know what they are doing. Insane people are sick, not criminal. No amount of punishment will deter them from committing crimes. They should be kept in mental hospitals until they no longer pose any danger to society.

CON

- Insanity defenses depend too much on the testimony of psychiatrists, who themselves cannot agree. Just before John Hinckley shot the president, his psychiatrist was convinced that Hinckley was no threat to anyone but himself. Mental institutions can make the same mistake and release dangerous criminals. A "guilty but insane" verdict would ensure that criminals spend time behind bars.

Should We Have a Death Penalty?

PRO

- There are some crimes that are so heinous that they demand capital punishment. The mass-murderers and the so-called ax murderers, for example, deserve no more pity than they showed their victims. The death penalty should also be imposed for treason and espionage, and for killing public figures and policemen. The death penalty would serve as a deterrent.

CON

- One of the greatest problems with the death penalty is that it does not permit a court or jury to err. Once the executioner has thrown the switch, released the trap door, fired his gun, or injected the poison, the innocent man cannot be redeemed. Another problem is that the death penalty has traditionally been applied in a discriminatory manner against minorities. And the threat of death is often meaningless to a murderer who commits his crime in a moment of passion or a psychotic fit.

Transportation

In 1869 two railroads, the Central Pacific and the Union Pacific, were joined together in Ogden, Utah, completing the first transcontinental railroad. Besides being a great engineering feat, the transcontinental railroad was of great economic benefit to the country. The railroads brought gold, lumber, and other raw materials to the East, and sent manufactured goods and immigrants west to a developing frontier.

But without large doses of government aid, the transcontinental railroad would not have been built. The capital costs of building a transcontinental railroad were just too steep to attract investors. The United States government loaned the first two railroads more than $64 million, and granted them forty-four million acres of land along the rail beds. The loans were more than enough to pay for the construction, and when the railroads were completed, the value of the land was many times the amount needed to repay the loans. Through the end of the century, government incentives also encouraged other railroads to move west. In return, the government benefited from the expansion of the nation's economic and geographic base and from the railroads' promise to ship mail at low rates and to be on call for the movement of troops.

Through the next hundred years the government continued its direct and indirect involvement in the business of transportation. Rivers were dredged and airports built. A national interstate highway system was constructed, making trucking a more competitive industry, much to the resentment of the railroads. With the benefits the industries received came regulations to protect consumers and the industry from cutthroat competition.

The government role in transportation is changing. The Carter administration made efforts to deregulate transportation by returning pricing and scheduling authority to airlines, railroads, and truckers. The Reagan administration has proposed transfering responsibility for roads and public transit to cities and states, and reducing subsidies to Amtrak. But mayors and governors wonder how they will repair decaying highways and improve snarled public transit systems. Deregulation has resulted in intense fare wars between airlines and has prompted the discontinuation of passenger and freight service to some relatively small communities. And Amtrak executives fear they won't be able to maintain a nation-wide passenger rail system if subsidies are reduced.

KEY QUESTIONS:

- Who should pay for rebuilding the interstate highway network?
- Should federal tax dollars be used to build or repair big-city mass transit systems?
- Should the transportation industry be regulated?

BACKGROUND: Government Intervention in Transportation

The Early Years of Railroads—Railroads were the first American industry to be subsidized and the first to be regulated. In the mid-1800s railroads received federal subsidies to run ahead of westward development and extend track and service into new communities. After the rail network was completed, the subsidies ended, although the government still took advantage of the lower rates it received for the early subsidies.

Farmers Move to Regulate Railroads—The first attempt to regulate railroads came at the state level. It was led by farmers forced to pay exorbitantly high shipping rates in isolated, one-railroad towns. The Supreme Court struck down the first state rate control laws, however, ruling that states have no authority to regulate interstate commerce.

The Interstate Commerce Commission—In 1887 Congress passed the Act to Regulate Commerce, which created the Interstate Commerce Commission (ICC). At first the ICC lacked sufficient regulatory and enforcement powers. But during the next twenty years the act was amended, giving the ICC powers to set maximum rates; to prevent railroads from hauling products mined, manufactured, or produced by them (except lumber); to investigate railroads; and to punish those who disobeyed its directives. By World War II the Interstate Commerce Act, as it was later called, had been expanded to regulate trucks and water carriers.

Decline of the Railroads—From the beginning of the century until only recently, railroads have been in a state of decline for two major reasons. First, the railroads were overregulated. Congress believed reasonable rates meant lower rates. No contingency was made for cost increases. In addition, railroads that benefited from the land grants of the 1850s were forced to give the government big discounts until 1940.

A second reason for the decline of the railroads was competition from such transportation sources as river and canal barges and, later, trucks and airplanes, which unlike the railroads still received government subsidies. By the time Congress allowed railroads to increase their prices, other hauling industries had diverted business from the railroads.

In the 1960s and 1970s the railroads were further hurt by the decline of local industries, especially steel, textiles, and automobiles.

Passenger Trains—As automobile and airline travel increased dramatically during the 1950s and 1960s, railroad passenger service rapidly declined. Mounting deficits forced many railroads to discontinue passenger service entirely. In 1970, reacting to predictions that passenger trains would soon become extinct, Congress created a nationwide rail system called Amtrak. With old, worn out equipment, Amtrak almost immediately had trouble maintaining its schedules and keeping its passengers comfortable. Amtrak has been kept alive with large congressional subsidies.

In many ways, however, Amtrak has been a success. Although Amtrak still receives federal subsidies, its trains are running full, carrying almost twenty-one million passengers a year. This is largely due to its improved performance and the high cost of gasoline and of traveling by car.

Conrail—Conrail, the Consolidated Rail Corporation, was created in 1975 to operate trains on the northeast rail network abandoned by the bankrupt Penn Central Railroad and several other northeastern railroads. Conrail was assigned the difficult job of continuing rail service in the Northeast, modernizing rail equipment, and restoring track to prime condition. Although Conrail has required subsidizing through most of its existence, it has almost completed its capital improvements, and it showed a profit in 1981. As a result, Conrail may soon be sold to private investors. To attract possible buyers, Congress freed Conrail of its unprofitable commuter passenger service in 1982.

Rail Deregulation—Private freight railroads are also on the upswing. One reason is deregulation. Since 1980 railroads have been free to set their own rates. To increase business, a railroad may lower its rates in a certain area. Before deregulation, if an innovative low rate did not work out, the railroads were stuck with it indefinitely. Other changes have also helped, including a new tax law allowing railroads to depreciate track, new freedom to merge smaller roads into giant railroads, and the increasing demand for coal.

Highways and the Trucking Industry—The federal interest in highways stems from the Constitution, which directed the federal government to establish postal routes. Congress built the first federal road in 1806. Most roads, however, have been built by state and local governments.

Highway Construction—The invention of the motor vehicle gave new focus to the federal interest in roads and transportation. In 1916 Congress laid the foundation for today's highway program by enacting the Federal Road Act. In 1944 that act was amended to provide for highway construction deferred during the war and to meet the nation's anticipated highway needs. The states and federal government split construction costs equally.

The Interstate Program—In 1956 the federal government launched the National System of Interstate and Defense Highways, a proposed 42,500-mile network of high-speed highways with limited access, linking every state and major city. The federal government assumed 90 percent of the costs; the states 10 percent. Most revenue comes from the Highway Trust Fund, which is made up of gasoline taxes, taxes on trucks and buses, highway user taxes, and taxes on the sale of tires, tubes, and tread rubber. Most of the interstate system has been built but is now more than twenty years old and badly needs repair.

The interstate highway system has had a tremendous economic impact on the country. It has allowed high-speed interstate travel, making cars, trucks, and buses more attractive to consumers. As trucks have replaced trains as major haulers of industrial items, entire factories have moved from urban areas near shipping docks and rail yards to highway interchanges. Commuting on the new highways has made it possible for families to move from urban areas to the suburbs.

Federal Support to Airlines—Federal financial assistance played as large a role in getting the airline industry off the ground as it did in assisting the railroads. In 1925 the Post Office Department began contracting with the infant airlines to carry mail. The air mail payments—three times the revenue per pound that the Post Office received for air mail—subsidized the development of air transportation. Inflated air mail payments continued until 1953, when the Civil Aeronautics Board assumed responsibility for paying the subsidies. Subsidies for airlines serving smaller cities ended in 1982, although commuter airlines still receive them.

Federal aid to build airports and runways, operate radar stations, and control air traffic is a substantial indirect subsidy to airlines. It is considered unfair by railroad companies, which traditionally have built their own stations, maintained their track, and monitored rail traffic.

Airline Regulation—Rapid expansion of air transportation and cutthroat competition in the 1920s and 1930s demonstrated the need for a special federal agency to coordinate airline routes, regulate competition, and create a safe national air network. In recent years those functions have been handled by two agencies: the Federal Aviation Administration (FAA) and the Civil Aeronautics Board (CAB).

The FAA is responsible for safety regulation (certification of pilots, inspection of aircraft, etc.), research and development (for example, the development of new radar systems), operation and management of air navigation aids and air traffic control, and airport development.

The CAB is a five member board that regulates rates and schedules of domestic airlines, approves or disapproves mergers, investigates unfair business practices, and supervises the subsidy program for commuter airlines.

Airline Deregulation—In 1978 Congress ordered the CAB to "deregulate" the passenger airline industry, giving airlines more flexibility to set rates and establish routes. Airlines, unlike railroads, opposed deregulation. Many airlines feared that deregulating fares and routes would lead to fare wars and overcompetition in key markets, which would cut into profits.

In the first year of deregulation, the program seemed to work. Many airlines aggressively entered new markets and lowered fares to attract new riders. Some new airlines were created to service specific markets. Smaller airlines bought new planes and added routes.

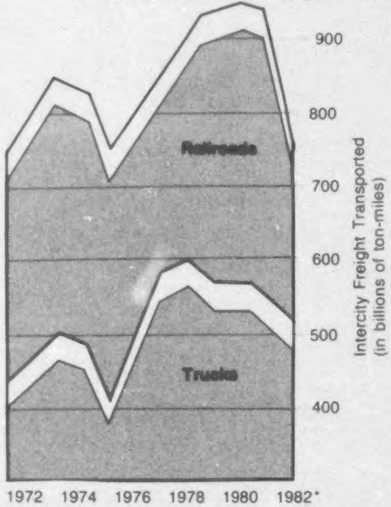
The rapid expansion backfired, however. To pay for the expansion, airlines had to float millions of dollars in loans. Fuel costs rose dramatically in 1979, climbing from 40.6 cents per gallon in the last three months of 1978 to 86.6 cents per gallon in the first quarter of 1980. Fuel for new routes claimed even higher prices on the spot market. When the economy slumped in 1981, ticket sales and profits fell overnight. By 1982, many airlines were deep in debt, losing money rapidly. One airline, Braniff, declared bankruptcy.

CURRENT ISSUES

Highways—Few people disagree that the nation's interstate highway system is in bad shape. The American Road and Transportation Builders Association estimates that just maintaining current road conditions could cost $623 billion by 1990. But the question is, who will pay for it?

In late December 1982 Congress approved a controversial $71 billion bill for highway construction, road repairs, and mass transit. Some saw the bill (which was backed by the Reagan administration) as a vitally needed start in repairing

Trucks vs. Trains: Who Carries More Cargo?



Sources: American Association of Railroads, American Trucking Association

*Estimate

our transportation infrastructure. More important to others was the fact that the bill would create more than three hundred thousand jobs. But the bill faced, and still faces, opposition from the trucking industry, because the highway repairs are to be financed by increasing the tax on gasoline to nine-cents-a-gallon and by increasing taxes on heavy trucks. As a compromise to trucking interests, Congress included a provision permitting sixty-five-foot double-trailer trucks on principle federal highways. A dozen states have raised safety objections to the double-trailers and four have sued to keep the trucks off of their roads. Nevertheless, truckers were so angry about the tax increases that they staged a violent eleven-day strike in February 1983 to protest them, and are now lobbying for legislation to change the amount of the tax.

The administration justified increasing truck taxes on the basis of a Department of Transportation study, which said that heavy trucks pay only 65 percent of their fair share of federal road-use tax. Truckers criticized the DOT study, saying that they now pay $2 billion annually in highway taxes. Any increase, they argued, would make them uncompetitive, and would drive up the price of the goods they transport. Railroaders, who must pay the cost of maintaining their track, argue that truckers should pay much of the cost of building and maintaining the highways, since they are the ones who most profit from them.

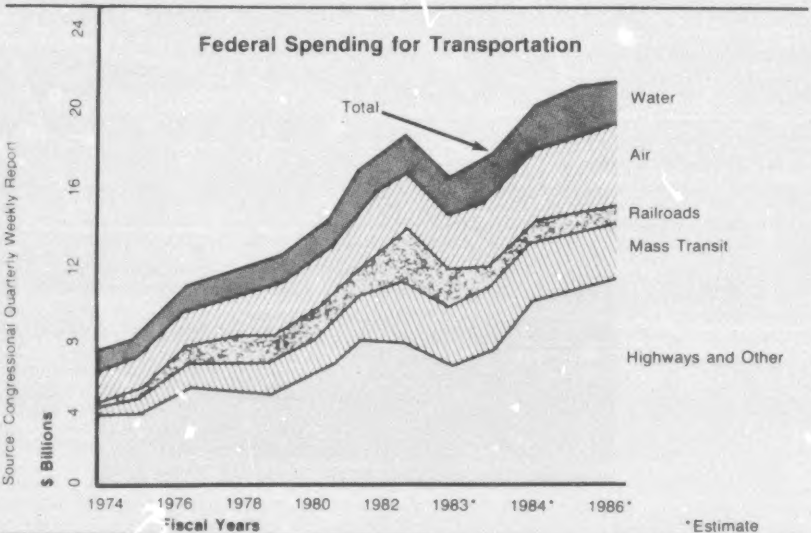
Airlines—Deregulation has helped some consumers by spurring or prompting airlines to lower air fares. But critics note that many airlines have canceled or limited service to smaller, less profitable towns. Opponents of deregulation also charge that it promotes inefficient use of energy. For example, more planes than are needed fly to such dense markets as New York and Chicago. And fare wars in these dense markets have been funded by higher prices in less competitive markets.

Critics of deregulation also point to the failure of Braniff Airlines. Braniff believed it should take advantage of deregulation by starting new routes in dense markets. It spent millions of dollars on new airplanes and extra fuel, bought on the more expensive spot market. But while fuel prices soared in 1979, the recession caused a dramatic drop in the number of passengers. The airline lowered prices to attract customers from other airlines, but Braniff could not attract enough passengers for more expensive flights to underwrite the cost of the discounts.

Proponents of deregulation argue that Braniff failed because of bad management and bad luck, not because of deregulation. In the long run, they maintain, deregulation will lead to a healthier industry and more efficient service. They say that deregulated fares more closely reflect actual costs. Under regulation, fares were higher in high-traffic markets. Today, proponents say, low fares in these markets better reflect airlines' lower costs in serving dense routes. They say that eventually an equilibrium will be reached. If some airlines go under in the process, that is part of our free enterprise system and shouldn't overly concern us.

Mass Transit—Subways and elevated urban railroads are other transportation systems subsidized by government. The federal government provides funds for their construction and their operation. For instance, the federal government has paid approximately 75 percent of the cost of constructing Washington, D.C.'s, 101-mile Metro subway system (worth approximately $10 billion when completed) and has given Metro $25 million a year to subsidize its bus and subway operations. City officials say it is almost impossible to build a mass transit system, especially one as nice as Washington, D.C.'s, Metro, without federal subsidies. San Diego, however, opened a new fifteen-mile trolly system in 1981 without a cent of federal support.

The president proposes to phase out operating subsidies for mass transit by the end of fiscal 1984. He argues that local governments, rather than the federal government, should pay for mass transit programs. The 1984 Reagan budget proposes limiting operating subsidies to $275 million. Without that limit, about $800 million would be available under the gas tax law. Legislators argue that the president agreed to the $800 million for mass transit in order to get the gas tax law passed and is now breaking his promise. The administration, however, says it never promised to support the transit operating aid program.


Federal Spending for Transportation

Source Congressional Quarterly Weekly Report

State and local leaders contend that the cost of building and operating mass transit systems is too high for their budgets. They say that cuts in operating aid will force them either to greatly increase taxes or to cut out bus and subway service.

OUTLOOK

Like it or not, the strong federal role in transportation is not likely to end. The interstate highway system needs immediate repair. For example, repairs on the Woodrow Wilson Bridge on Interstate 95 between Virginia and Maryland have been delayed for so long that steel plates covering pot holes are the only thing between cars and the Potomac River below. The president and budget-cutting senators and representatives may want to reduce federal spending on transportation, but the nature of the problems would make it extremely difficult for state and local governments to fill the gap.

THE DEBATE

Transportation

Should Truckers Pay More to Help Rebuild Federal Highways?

PRO	*CON*
● According to statistics, the trucking industry pays only 65 percent of its share of highway user taxes. Considering how heavily truckers depend on the interstate system, they should pay a larger share. Also, trucks do more damage to highways than do average cars. Truckers should pay more to repair our badly worn highways.	● Trucks do not damage roads as much as some say. More important, trucks play a vital role in our economy. Truckers cannot afford to pay higher highway taxes. If they were to raise their prices, shippers would be at the mercy of the big railroads.

Should the Airlines Be Regulated?

PRO	*CON*
● Deregulation has created chaos in the airline industry, just as airline executives predicted four years ago. The system is less efficient than before, service on less-traveled routes has been cut, and the fare wars on heavily-traveled routes have hurt smaller airlines. Some fares may be low now, but after one or two more airlines go under and the market is left to the giants, fares will skyrocket.	● Deregulation has been a boon for consumers. Rates for flights between major cities have never been lower. And they are likely to stay that way. Deregulation will weed out inefficient companies. Those airlines left will be better able to provide quality service at the lowest possible cost.

Should Federal Subsidies for Mass Transit Be Reduced?

PRO	*CON*
● Why should taxpayers in Wyoming pay for a subway system in Washington, D.C.? Those people who ride public transit should pay for it, not the federal government.	● If the federal government did not subsidize public transportation systems, they would not be built. Without such systems cities would need more roads and bridges and would suffer from more congestion and pollution. The need to solve these transportation problems far outweighs the costs of federal investment in mass transit.

Agriculture

The American farm industry would seem to be a tremendous success story. Over the years, advances in farm equipment, fertilizers, and seeds have steadly improved yields per acre. Today, 70 percent fewer farmers produce 75 percent more food than in 1950—enough to feed every American and millions of other people around the world.

But beneath the apparent prosperity lurk many problems. Several years of high interest rates, high fuel and fertilizer costs, unpredictable market prices, and a number of other problems have made farming a very expensive business and have forced many farmers into bankruptcy. The farmers have plenty to sell; in fact, they have too much. Two years of bumper crops have produced more food than farmers can sell or store. Furthermore, heavily subsidized European and South American agricultural products have helped those farmers to underprice American farm products, causing our farm exports to drop for the first time in thirteen years. As a result, farmers today are earning less and are deeper in debt than in any other period since the Great Depression.

These short-term problems sometimes hide the fact that American farms are threatened at a more fundamental level. More and more farms are disappearing, either because farm land is being sought for expanding cities or because poor farming methods have caused severe soil erosion. Topsoil, vitally important for growing crops, is washing or blowing away at rates that could spell big trouble by the end of the century.

Farmers want help in the short run. They want the government to help stabilize prices by increasing price supports and to provide export subsidies. The Reagan administration is unlikely to go along with that. Farmers would also like the administration to permit them to defer government loan payments until the farm economy improves.

However, President Reagan's new farm proposals take a different approach. To stabilize prices and reduce the government's stockpiles of surplus grain, the administration wants to give the grain to farmers who agree to decrease production. In the long run, the administration believes such a program would lead to higher prices, thus benefiting farmers. However, some are concerned that this approach might adversely affect the producers of seed, fertilizer, and farm equipment.

KEY QUESTIONS:

- Should the government provide price supports for agricultural products?
- Should the government encourage farmers to cut back production to raise prices?

- Should the government allow farmers to defer payments on their loans?
- Should more money be spent on soil conservation programs?
- Should food be used as a foreign policy weapon?

BACKGROUND: Trends in American Agriculture

The Crisis of the Family Farm—In the last twenty-five years America has lost more than three million farms. Today, fewer than 3.8 million farmers and their hired hands (slightly less than 1.7 percent of the total population) still work the land. At the root of the problem are dramatic increases in the cost of production (equipment, fertilizer, seeds, etc.), inflated land values, and a relative decline in the prices farmers receive for their produce. With the average age of the American farmer now more than fifty years, there is great concern about where the next generation of farmers will come from. Starting a farm is very expensive. Unless an individual inherits a farm, the initial investment can be as high as seven hundred thousand dollars.

In the last few years the decline of family farms has accelerated, primarily because of high interest rates. Farmers must borrow large sums of money to raise a crop; then, after selling their produce, they must repay their loans. Low crop prices and high interest rates have hurt the farmers by requiring them to forfeit a larger portion of their crops to repay their loans. Although not every farmer is in trouble, those just getting started or those deep in debt from large expansion projects have been forced out of business at a rate of about a thousand farms a month.

Agribusiness

Corporate Farms—As economic pressures have forced the small farmers out, farms have grown substantially in size. Today only 6 percent of American farms earn 53 percent of the farm income. An increasing number of these large farms are owned by corporations. By virtue of their large size, vast financial resources, and corporate legal status, corporate farms enjoy advantages small farms do not.

Corporate Market Control—Corporations also exercise growing control over the processing, packaging, and transporting of crops to market. Approximately half of America's food is now produced under contract with corporations. Therefore, higher food prices do not necessarily reflect higher profits for farmers. For example, in the first half of 1980, food prices increased more than 10 percent, while farmers' net incomes decreased dramatically, from $33 billion in 1979 to an estimated $23 billion in 1981. In real terms, net farm income in 1981 was half what it was in 1979 and only slightly more than at the height of the Depression.

Land Loss—One disturbing trend with possible long-term significance is the rapid loss of farmland to development and real estate speculation. The price of farmland has quadrupled since 1967, rising 1.5 times faster than the inflation rate. Land speculators are buying farmland for suburban development, shopping malls, highways, and industrial parks. At worst, this conversion of farmland to nonfarm uses could result in a 112-million-acre shortfall of farmland by the year 2030.

Soil Erosion—Farmers must constantly battle topsoil erosion. Topsoil, six to eighteen inches of soil rich in organic matter, is vital for growing crops. Recently, soil erosion rates have been rising after decades of decline. Today the average rate is approximately 5 tons of topsoil per acre, but some farmers are losing as much as 100 tons per acre annually.

A number of factors contribute to topsoil loss. Ironically, perhaps the most significant have been the improvements in fertilizers, pesticides, seeds, and farm equipment that have helped farmers prosper. These improvements have reduced farmers' incentives to check soil erosion. Because farm yields have continued to increase, farmers have seen little reason to spend money, set aside land for windbreaks, or rotate crops to combat soil erosion. Eventually technological improvements will not be able to hide the problem. And once the topsoil is gone, it will take hundreds of years to replenish it.

Water—Water is of major concern to farmers in the West. Most of the country west of the Missouri River receives very little rain. Described as the Great American Desert 100 years ago, that land now includes some of the nation's most fertile farmland. Recently, however, water shortages have threatened the prosperity of the region.

In Kansas and Nebraska farmers have used a large underground aquifer to irrigate their crops. But if they continue to exploit the aquifer at current rates, it could dry up completely in twenty to thirty years. Further west, farmers use water from streams to irrigate crops. But as urban areas have grown, they have competed with farmers for the water. Denver, for example, has built huge tunnels through mountains to divert water from the western slopes of Colorado to the eastern slopes, much to the anger of farmers and ranchers in western Colorado.

Price Supports—The federal government employs a system of price supports to reduce the risks involved in farming and to stabilize food prices for the consumer. The government sets a minimum or target price that farmers will get for their products based on a level below the expected market price. If the market price rises, farmers get the higher price, but if the market price dips below the set level, the government pays the difference.

Where the target prices should be set is controversial, however. Many farmers want the government to use the concept of "parity" to determine the target price. Parity is defined as the price at which a certain amount of a crop will buy the same amount of goods and services as it did in the period 1910-1914, considered the golden age of American agriculture. Often farm groups call for target prices set at 100 percent of parity. In recent years, though, the market price has rarely risen above 80 percent of parity. In 1981, for example, prices for corn and wheat were approximately 50 percent of parity.

Loans as Price Supports—Loans serve as a kind of price support. Using their crop as collateral, farmers can borrow money from the Department of Agriculture to pay for seeds or other farm goods and implements. The government loans farmers money based on a rate set near the estimated cost of production. If, after harvest, the market price is below the loan price, the farmer simply gives the government his harvest. Otherwise, he repays the loan from his profits. Because prices have been so low recently, the government has had to collect thousands of tons of grain, soybeans, and dairy products.

Set-Asides—Another policy is to pay farmers to leave part of their land idle. Such limits on production decrease supply and help curb the surpluses price supports can cause, but set-asides only limit the number of acres used, not the amount grown on each acre. Supply has increased despite set-asides because farmers have learned to produce more on the same amount of land.

The 1981 Farm Bill—Passage of the four-year farm bill at the end of the 1981 congressional session ended a long and bitter fight between members of various farm lobbies and the Reagan administration. The $11 billion bill set price supports and target price levels for major commodities.

The administration had sought to restructure farm programs and in some cases to abolish them. For the most part, the administration failed to achieve its goals. Southern senators and representatives defeated attempts to dismantle tobacco price supports. Sugar was included in the price support system for the first time. The powerful dairy and peanut lobbies, however, were forced to accept reductions in supports for their commodities. Other major commodities, including wheat, corn, feed grains, rice, cotton, and wool, also suffered reductions in price supports.

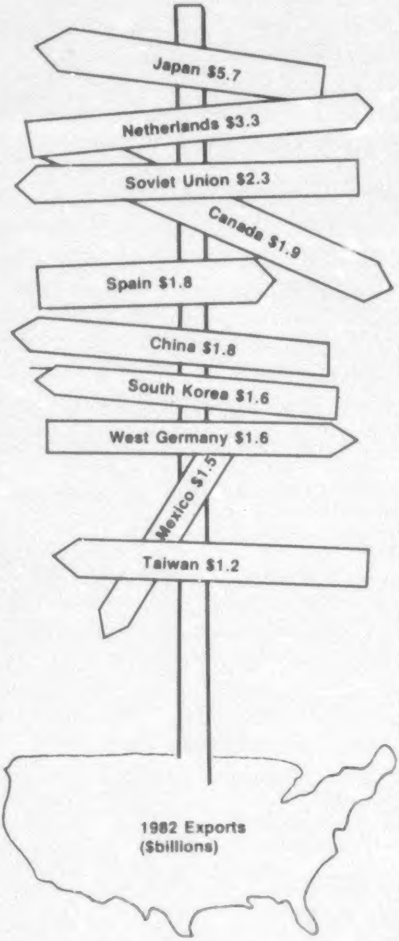
CURRENT ISSUES

Price Supports—The deteriorating farm economy is forcing the federal government to pay farmers more for crop loans and price guarantees than ever before—two and a half times more than in 1979—despite the relatively low price floors guaranteed in the 1981 farm bill.

Farmers say they need even more aid than the $11.6 billion the government paid in 1982 to close the gap between farm prices and costs. In 1982 it cost about $5.30 to grow a bushel of wheat, while the average price had fallen to $3.39 a bushel. Rep. Thomas Daschle (D-S.D.) reported that during a forty-five-day period in the spring of 1982, 320 farms were up for auction in South Dakota. Another congressman said that the federal land bank in Springfield, Massachusetts, expects half its farm borrowers to fail in 1983 unless economic conditions improve. These and other congressmen are promoting "emergency" bills to increase aid to farmers. But because of demands to cut the budget and lower the budget deficit, chances of an emergency bailout are slim. In fact, farmers are trying to prevent the Reagan administration from cutting price supports further.

Are Set-Asides a Solution?—In 1982 the administration announced a voluntary acreage reduction program called the PIK program, which stands for Payment in Kind. The U.S. Department of Agriculture trades surplus wheat, corn, sorghum, cotton, barley, oats, and rice to farmers who agree to set aside either all or part of their own crop for a year and sell the government surplus crops instead. According to the administration, the PIK plan is necessary because after two years of record harvests, the government has more than a year's supply of these commodities in its stockpiles. The PIK program would help reduce these stockpiles and slowly increase prices for farmers.

United States Agricultural Exports: The Biggest Customers



Largest markets for U.S. agricultural products ranked by 1982 exports

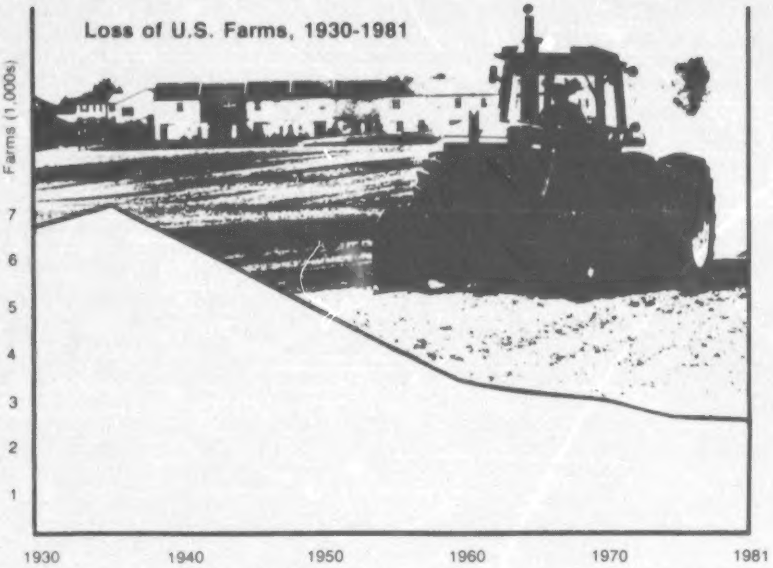
Source: U.S. Department of Agriculture

One drawback to the program is that it could adversely affect the farm supplies industry. Because less land will be in production, farmers will need less seed, chemicals, fertilizer, and farm machinery.

Farmers are supporting the program, however. They have agreed to withdraw 82.3 million acres from production in 1983, which is roughly equivalent to all the land in Iowa, Illinois, and half of Indiana. According to advocates of the proposal, the restrictions should help fight soil erosion (see below). Critics of set-asides contend that limiting our production and lowering our surpluses may spur too large a price increase, would permit foreign competitors selling their products at lower prices to grab a larger share of the world market.

Farm-Export Aid—American farmers have long been the kings of the world agriculture market. However, with the help of heavy government subsidies, farmers in Western Europe and South America have taken large cuts of agricultural markets American farmers had dominated for more than a decade. As a result, farm exports in 1982 declined for the first time in thirteen years, and many experts expect them to go down again in 1983.

Congress is considering several dozen proposals to bolster sagging farm exports. Ideas include giving away federal crop surpluses to food processors, who in turn would sell their cheaper goods overseas; either selling at levels



Source: Statistical Abstract of the United States 1981

below cost or giving away U.S. surpluses abroad; and expanding credit programs to make it easier for foreign purchasers to buy American farm goods. All of these amount to subsidies, and free trade advocates fear they will intensify a trade war. Although the administration does not want to go that far, it has warned competitors that the U.S. might retaliate to protect itself from European farm subsidies. Last year the Department of Agriculture agreed to give 30 million bushels of U.S.-owned wheat to processors, who in turn sold 1 million tons of low-cost flour to Egypt, angering European farmers, especially the French.

Loan Deferrals to Prevent Farm Failures—In an effort to help debt-ridden farmers, Congress is seriously considering a proposal that would allow farmers to defer payment of federal farm loans. The proposal would instruct the Farmers Home Administration to consider deferral or renegotiation of farm loans on a case by case basis through September 1984. In 1982 more than eighty-two hundred FHA borrowers went out of business because they were unable to repay their loans.

Soil Erosion—Since the dust bowl days of the 1930s, the government has spent more than $15 billion on three dozen special erosion-control schemes. Yet erosion continues at high rates, becoming the most alarming long-term threat to American agriculture.

Critics of past conservation programs say the money could have been better spent helping farmers increase their profits. Because of financial constraints, farmers have spent little money on conservation measures and have tended to overplant their land, leaving it exposed to wind and water erosion. A higher return for farmers would lessen their need to overplant, say critics of traditional government programs.

Defenders of the government programs, however, argue that specific education and incentive programs are the only way to encourage more conservation. Since conservation techniques cost money, they maintain, the government should help farmers pay for them. This combined approach should convince farmers that conservation benefits them in the long run.

Using Food as a Weapon—In 1980 President Carter ordered a grain embargo against the Soviet Union in response to the Soviet invasion of Afghanistan. Whatever its effects on the Soviets, the embargo hurt many American farmers. The Soviets did not leave Afghanistan, and the U.S. government was forced to buy the grain at a cost of $2.25 billion in order to prevent seventeen million metric tons of grain from flooding the U.S. market. In the long run, American farmers lost Soviet business to South American and European farmers.

In his presidential campaign, Ronald Reagan condemned the Carter grain embargo. But when martial law was declared in Poland, he decided against lifting the embargo completely, permitting only the minimum guaranteed in grain sale agreements made in 1974, and he placed a new grain embargo against the Poles. With farm exports on the decline, however, the administration would like to increase grain sales to the Soviets. But although the Soviet grain harvest was forty-two million tons short of their needs in 1982, the Soviets have not increased imports from the United States.

OUTLOOK

Today's farm problems are frightening yet widely ignored. The most serious of these—the loss of valuable farm land to speculation and soil erosion, and the demise of the family farm—could have disastrous effects unless trends are reversed. Most of the proposed "solutions," however, do not really attack the source of the problem. They simply seek to relieve the pain until prices fall again. Clearly no major overhaul of the farm system will occur unless there is a major crisis. To hear some farmers talk, that crisis is upon us.

THE DEBATE

Agriculture

Should the Government Allow Farmers to Defer Payment on Their Loans?

PRO	*CON*
● Between 20 and 40 percent of farm borrowers are behind in their payments to various Farmers Home Administration loan programs. If the FmHA were to foreclose on the delinquent farmers, it would cause economic panic and chaos. We should try to keep our farmers on the farm rather than evict them. These farmers are not deadbeats; when the economy improves, they will repay their loans.	● Because farmers are not repaying their loans, the Department of Agriculture has been forced to meet its obligations by going more deeply into debt and by paying high interest rates to do so. The government and the credit market cannot afford deferment of loans to the ninety-six thousand farmers who would qualify.

Should the Government Provide Price Supports for Agricultural Products?

PRO	*CON*
● Farmers do not benefit from the "free" market. Food prices have not risen with inflation, but the cost of production has. Target prices are needed to make sure family farmers can stay in business.	● Price supports are anti-consumer. They artificially raise food prices above the level they would reach in a free market. And they would be especially expensive since the federal budget is already out of control.

Should Food Be Used as a Weapon?

PRO	*CON*
● America produces most of the world's food and has potential control of the world's overall grain supply. We should be able to use food as a weapon as effectively as OPEC has used oil as a weapon. Farmers must be willing to make a sacrifice for the nation's benefit.	● Food is not as effective a weapon as oil. Other countries will happily sell surplus grain to our enemies. The only one hurt by grain embargoes is the American farmer. Food should only be used as a weapon in times of war or severe crisis, and then only with an embargo on all exports.

Should the Government Force Farmers to Set Aside Land or Limit Their Production?

PRO	*CON*
● One of the major problems farmers face is the huge grain surplus in the market. That surplus has grown even larger as farmers have continued to produce bumper crops, which have also depressed prices. Limiting production will raise prices for farmers and will also permit the reinstitution of soil conservation techniques.	● In the long run, set-asides could badly hurt the American farmer. If we were to stop producing at top levels, we would lose a large share of the grain market to the Argentines and the Canadians, and put thousands of people on the unemployment line who would normally be working in agriculture-related industries.

Immigration

The United States is a nation of immigrants. On the Statue of Liberty, the first sight of America for many of our grandparents and great-grandparents, is the famous Emma Lazarus poem "The New Colossus."

> *Give me your tired, your poor,*
> *Your huddled masses yearning to breathe free,*
> *The wretched refuse of your teeming shore.*
> *Send these, the homeless, tempest-tost to me*
> *I lift my lamp beside the golden door*

When the statue was erected in 1886, the United States had a virtual open-door immigration policy. Almost any healthy individual could immigrate to the United States. Many immigrants found themselves crowded into city slums, but America stood as a beacon of hope to the world's poor and oppressed.

Since 1882, however, when Chinese immigrants were prevented from entering the country, the United States has imposed restrictions to limit the number of immigrants and, until recently, to preserve the racial, religious, ethnic, and political composition of the country. Today, fewer than 500,000 immigrants enter the country legally as refugees or immigrants each year, less than half as many as at the turn of the century. However, it is estimated that more than one million persons enter the country illegally each year, most of them from Latin American countries.

Many Americans fear that legal and illegal aliens take jobs away from native-born Americans. In a Roper Poll, 80 percent of those queried felt immigration quotas should be slashed, and 91 percent backed a crackdown on illegal aliens. Obviously, immigrants who came to America to escape poverty or war would prefer that our nation remember the words on the Statue of Liberty.

KEY QUESTIONS:

- How many immigrants should we accept?
- How should we choose who to accept?
- What should we do about the illegal alien problem?
- Should the children of illegal aliens receive free education in public schools?

BACKGROUND

The Days of Unlimited Immigration—At first, the United States opened its doors to any healthy person, especially Europeans. That policy, coupled with poverty in Europe and rumors that American streets were "paved with gold" (a myth perpetuated in Europe by some steamship companies), resulted in a large-scale exodus of Europeans to the United States from the mid-1800s until the 1920s. Many of those immigrants played an important role in the development and growth of America.

Chinese Exclusion Act of 1882 -In "suspending" immigration from China, this was the first act that closed America's doors to any group. It was encouraged by Californians who resented the large number of Chinese immigrants in their state.

The Gentleman's Agreement of 1907—During the early 1900s the forced segregation of Japanese immigrants in California schools was a sore point in U.S.-Japanese relations. To ease the tension, the United States negotiated a "Gentleman's Agreement" with the Japanese. We promised to desegregate California schools in return for a Japanese promise to stop the flow of Japanese laborers into the United States.

Quotas—At the turn of the century, immigrants from all over Eur[illegible] were crowding into the slums of the country's largest cities. Although there was an economic need to limit immigration, Congress passed laws that also sought to preserve the racial, religious, and ethnic composition of the United States. The laws encouraged immigration from Great Britain, Ireland, and Germany because natives of these countries seemed more likely to assimilate. Immigrants from eastern and southern Europe were thought to be racially inferior to the northern Europeans.

In 1921 Congress wrote the first quota law. Previous patterns of immigration determined the quotas. Annual immigration from any given country was limited to no more than 3 percent of the number of people from that country living in the United States when the 1910 census was taken. For example, if the census showed that in 1910, ten thousand German immigrants were living in America, the 1921 quota would have been three hundred Germans.

In 1924 Congress tightened the restrictions. Instead of the 1910 census, the new laws used the 1890 census and allowed only 2 percent of each national group to immigrate. Use of the earlier census figures excluded eastern and southern Europeans, most of whom came to America in large numbers after 1890.

In 1929 the National Origins Act changed the formula again. This act sharply limited immigration by those of "less desirable" heritage. Of the annual quota of 153,879 immigrants allowed under the law, 65,721 were assigned to Great Britain, 25,957 to Germany, and 17,853 to Ireland, leaving about 44,000 for all other countries outside the Western Hemisphere. This act made immigration to the United States impossible for hundreds of thousands of Jews who tried to flee Adolf Hitler during World War II.

Displaced Persons Act of 1948—World War II left millions of people homeless. Therefore, in his 1947 State of the Union address, President Truman encouraged Congress to welcome a larger share of immigrants. In 1948 Congress passed the Displaced Persons Act, which took in some of the homeless. However, Truman fiercely criticized the act, because it excluded many Jews and Catholics. The law also made immigration difficult by requiring each immigrant to pass a security check and to be assured of employment and housing that would not displace U.S. citizens.

McCarran-Walter Act of 1952—The McCarran-Walter Act, which revised the 1929 Immigration Act, added ideology to nationality as a criterion for admission to the United States. The law sought to weed out people with even marginal communist backgrounds or sympathies. One of its most controversial provisions stated that a naturalized citizen could lose citizenship for refusing to testify before a congressional committee regarding subversive activities. President Truman vetoed the bill, charging that it intensified the "repressive and inhumane aspects of our immigration procedures." Congress voted to override the veto, however.

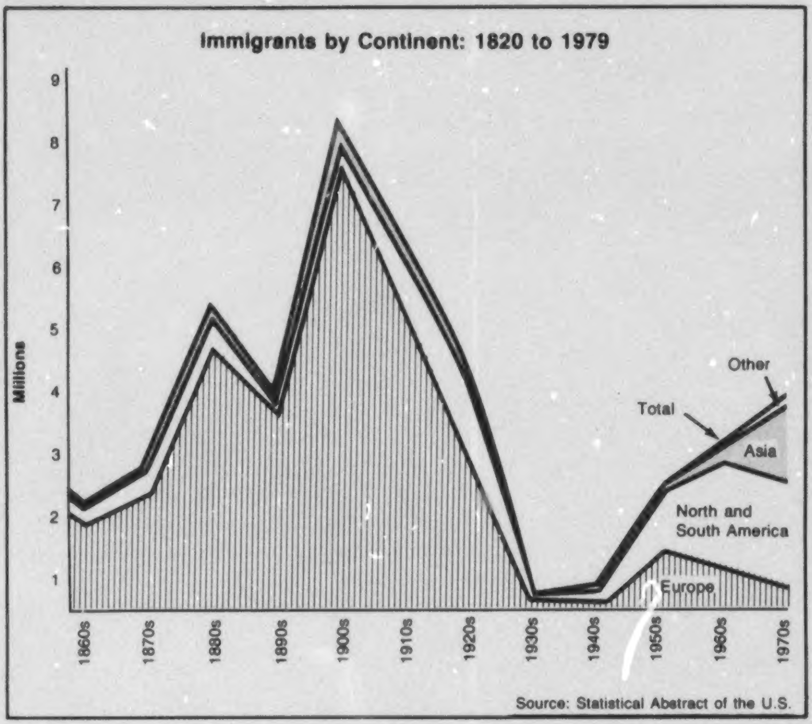
1965 Immigration Act—The basis of current immigration law, this act represented a major reform of all previous immigration statutes. The act eliminated national quotas, substituting an overall quota of 170,000 non-Western Hemisphere immigrants. It gave preference to applicants who had special labor skills, were related to U.S. citizens, or had need for political asylum.

The act also limited immigration from countries in the Western Hemisphere for the first time. The American Legion, the American Coalition of Patriotic Societies, and others backed the limitation as a response to the upsurge of Western Hemisphere immigration into the United States. However, the limitation created a serious illegal immigrant problem. Millions of immigrants from Mexico and other Central American countries, who before the 1965 act could have applied for a visa and been admitted, became "illegal aliens."

Illegal Aliens—For the people of Latin America, the United States is a land of opportunity. Immigration quotas allow some to enter the United States legally, but many more come here illegally. More than one million illegal immigrants enter the country every year. Many work in low-paying, unskilled jobs that are not popular with native-born Americans. Because they have no legal status, they are often paid sub-minimum wage salaries. But even those wages are very attractive compared to wages in Mexico, Haiti, or El Salvador, where many incomes are less than $1,000 a year.

Refugees—Congress has admitted large groups of refugees from time to time in response to particular crises. After the Russians crushed the 1956 Hungarian Revolution, for example, we admitted 38,000 Hungarians. More than 600,000 refugees came to America from Cuba after Fidel Castro took power in 1959. The Cuban Refugee Act of 1966 granted these immigrants permanent residence status, making them eligible to apply for citizenship. In the six years after the fall of South Vietnam in 1975, 565,000 Indochinese refugees, also known as "boat people," arrived in the United States. The Southeast Asia Refugee Act of 1977 gave these people permanent resident status.

Refugee Act of 1980—The Refugee Act of 1980 marked the first time the federal government had enacted a permanent refugee policy. The act formally defined refugees as persons who flee a country for fear of persecution "on account of race, religion, nationality, membership in a particular social group, or political opinion." Unlike immigrants, who are granted admission for a variety of reasons, refugees are admitted for political reasons only. The Refugee Act set a ceiling of fifty thousand refugees per year through FY 1982, but gave the



Immigrants by Continent: 1820 to 1979

Source: Statistical Abstract of the U.S.

president power to admit more in an emergency. The president authorized 217,000 refugee admissions in FY 1981, 140,000 in FY 1982, and 90,000 in FY 1983.

The Freedom Flotilla—In early 1980 thousands of Cubans took refuge inside the small Peruvian embassy in Havana, seeking to leave the country. The Carter administration issued an order allowing the refugees in the embassy to enter the United States. Fidel Castro then announced that any Cuban who desired to leave Cuba could do so. Chaos ensued as boatloads of Cubans began landing in Florida in far greater numbers than expected. Castro allegedly took advantage of the opportunity to send criminals and other social outcasts along with those genuinely fleeing political oppression. Of the 125,000 Cubans who arrived in the "Freedom Flotilla," about 1,100 are still interned in camps awaiting admission.

Haitian "Refugees'—Shortly afterwards, "refugees" started arriving by boat from Haiti. The United States has refused to grant them refugee status, however, arguing that these "boat people" were escaping poverty in their homeland and not political persecution. This refusal has triggered charges of racism (the Haitians are black) and criticism of the overtly political criteria for admitting refugees (Haiti is an ally). Currently, about 145 Haitians are still being detained in the United States, out of more than 15,000 who have arrived since 1979.

CURRENT ISSUES

Should We Tighten Immigration Restrictions?—The nation's sagging economy and high unemployment rate have caused a backlash against new immigrants. Some Americans argue that immigration quotas should be reduced in times of high unemployment. In the closing days of the 97th Congress, the House of Representatives failed to pass a major overhaul of the immigration law that had received Senate approval. The bill has been reintroduced. A major topic of debate this year will be whether immigrants take jobs away from Americans or contribute to the nation's economy and culture.

Do Immigrants Take Jobs Away From Americans?—Those who argue for restricting immigration maintain that the United States cannot absorb more immigrants. Advocates of restrictions believe newcomers take jobs away from Americans. Others, however, argue that today's immigrants, like the immigrants who arrived at the turn of the century, come here to succeed. Opponents of restrictions argue that the hard work and enterprise of new immigrants should be considered an asset, not a threat.

Will Immigrants Blend In?—Some argue for a return to the national origin quota system. Advocates of this approach argue that newer immigrants are less likely to assimilate. If they do not assimilate, they may create some of the same social and economic problems that exist in the countries they left. Opponents of this approach consider such an idea to be racist and immoral. These critics point out that the United States has been enriched over the years by the addition of people from other cultures. Many have been highly successful. In recent years, for example, the Vietnamese boat people have done well in retail enterprises.

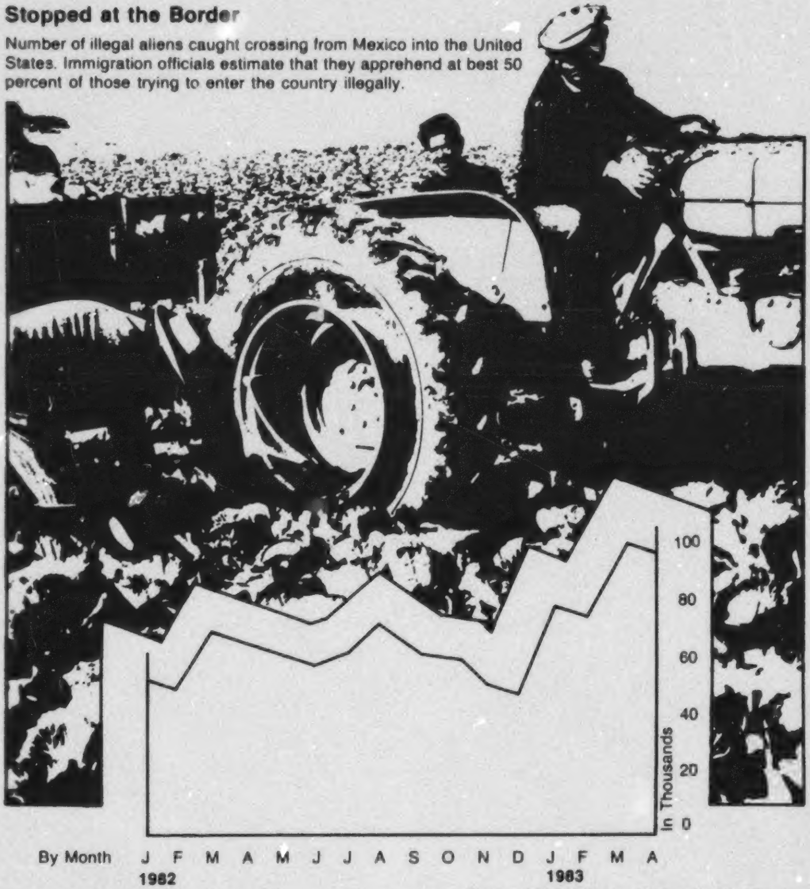
Refugees—The large number of Cuban and Vietnamese refugees who have come to the United States in recent years has strained the ability of government to handle them. Federal, state, and local governments are all involved in refugee resettlement. The cost of resettlement has been estimated at more than $2,500 per refugee, not including transportation to the United States and temporary care in camps. There are serious disputes over who should pay the costs. Local and state governments argue that since the federal government lets refugees in, it should bear the costs.

The boatloads of "refugees" from Haiti have created a problem with the definition of the term "refugee." The Reagan administration does not consider the Haitians refugees because it says they come to America for economic, not political, reasons. Such black leaders as the Rev. Jesse Jackson and former representative Shirley Chisholm have argued that the Haitians are fleeing political as well as economic repression and that they are being discriminated against because they are black.

Illegal Aliens—Immigration and Naturalization Service agents arrested 819,919 aliens trying to cross the U.S.-Mexican border illegally in 1982, 20 percent more than in 1981. However, immigration officials admit they lack the staff to shut the door tightly. Only one in three illegal aliens is caught at the border and sent back, and even those sent back often reenter the country and return to their jobs within days. Congress is considering several proposals to deal with the problem.

Stopped at the Border

Number of illegal aliens caught crossing from Mexico into the United States. Immigration officials estimate that they apprehend at best 50 percent of those trying to enter the country illegally.



Source: Immigration and Naturalization Service

Sanctions Against Employers—Illegal aliens can return to the United States after being deported because their jobs are often waiting for them. The law does not punish employers of illegal immigrants. If passed, the new immigration law would fine employers of illegal aliens for their first two offenses and impose criminal penalties for their third violation. Employers of illegal aliens say that they would like to hire American citizens but that most Americans refuse to do the back-breaking, low-skill work illegal immigrants seem happy to do. But others argue that Americans will take tougher jobs when times are rough or if the pay is high enough. For example, when eighty-eight illegal aliens were picked up at a brassworks factory near Los Angeles, one thousand people applied for their jobs.

Guest Worker Program—President Reagan has endorsed a proposal that would admit Mexicans as guest workers with fewer restrictions than the current temporary worker program now imposes. Present law allows foreign workers into the country for up to eleven months if the secretary of labor certifies that the employer cannot find labor in the United States, and that employing foreign workers will not hurt wages of Americans doing similar work. This law helps Canadian hockey players or South American soccer players find work in America but prevents most other people from entering.

The new program would be based on guest worker programs in Western Europe. As with those programs, domestic labor conditions in the United States would determine how many guest workers got in. If there were a shortage of people willing to be migrant farm workers, the new program would permit aliens to come in and work. Advocates of the program argue that the present program cannot meet western states' agricultural needs. But organized labor, in particular, fears this program would drive down wages in agricultural areas.

Amnesty—Recognizing that there are hundreds of thousands of undocumented workers in this country, Congress is considering granting amnesty and permanent resident status to persons who entered the United States before January 1, 1980. These people would be entitled to most forms of public assistance. Critics have offered counter-proposals that would grant amnesty but withhold permanent resident status and benefits for seven years.

Educational Benefits for Children of Illegal Aliens—In 1982 the Supreme Court ruled that states must provide free education to children of illegal aliens. The ruling struck down a Texas law, which required those children to pay tuition to attend public school. The state of Texas, where thousands of illegal aliens live, argued that it should not have to pay the great expense of providing an education to children whose parents do not pay taxes or vote. The Supreme Court, however, ruled that free education is a constitutional right that applies to everyone living here.

OUTLOOK

It came as a surprise to many when the immigration bill was defeated in December 1982. The bill had been a masterful attempt at compromise, or so it had seemed. For those fearful that illegal aliens and new immigrants would take jobs away from Americans, the bill provided criminal penalties for employers who hire illegal aliens and reduced the number of immigrants who would be allowed in. For farmers, businessmen, and prospective immigrants it granted amnesty to illegal aliens already in the country. To make the system work, every person in America would receive a counterfeit-proof identity card. But each side felt its opponents had been given too much. Labor resented the amnesty, Hispanics feared that employer sanctions would foster discrimination against Spanish-surnamed Americans, and civil liberties groups protested the national identity card.

Congress is currently considering a virtually identical immigration bill, which will face stiff opposition from the lobbies that opposed it in 1982, many of which would rather have no bill than a compromise package. Unless their objections can be overcome, it is unlikely that the bill will win congressional approval.

THE DEBATE

Immigration

Should We Tighten Immigration Restrictions?

PRO	CON
● In the Southwest and in major East Coast cities, immigrants take many jobs that Americans need. Countries with low unemployment can afford to let alien workers in, but we can't. We need to take care of our workers first.	● As a nation of immigrants, we have an obligation to keep our doors open. Besides, immigrants have contributed much to our country. There are countless stories of immigrants who worked hard, saved their money, and started businesses that grew into corporations.

Should Haitians Be Admitted as Refugees?

PRO	CON
● Haiti has an unemployment rate above 50 percent and an average annual income of $275. It is not surprising that Haitians have fled to the United States in search of better living conditions. Furthermore, evidence suggests that those who have been forced to return have been persecuted. We should help our Caribbean neighbors.	● It is hard not to be sympathetic to the plight of the Haitians, but America cannot be the salvation of all poverty-stricken people. The law is quite specific. Refugees are people fleeing their country because they fear persecution "on account of race, religion, nationality, membership in a particular social group, or political opinion." The Haitians don't fit that definition.

Should Employers Be Punished for Hiring Illegal Aliens?

PRO	CON
● Unless employers know they will be punished for hiring illegal aliens, the illegal immigrant problem will never be solved. Sanctions against employers will also help undocumented workers. As the law reads now, the illegal immigrant is at the mercy of the employer. If the immigrant complains about low wages, the employer can have the worker deported.	● Illegal aliens are the only people who will do the back-breaking, low-skill work many businessmen and women, especially farmers, need. Businessmen and women should not be punished for giving people an opportunity to do work no one else wants to do.

Should the Children of Illegal Aliens Receive Free Education in Public Schools?

PRO	CON
● The 14th Amendment to the Constitution guarantees equal access to education. Children should not be punished because their parents are illegal aliens.	● Educating a child is expensive. Why should state and local governments pay for children whose families live in the country illegally and do not pay taxes?

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FOREIGN POLICY ISSUES

The Soviet Union

Sometimes it is hard to tell where our relations with the Soviet Union stand. This has been especially so during the Reagan administration. In some respects it seems that the Cold War has begun again. The propaganda war has become especially hot. Speaking to a convention of evangelical Christians in Florida, President Reagan decried communism as "the focus of evil in the modern world." The president called for an increased defense budget to counter "the aggressive impulses of an evil empire." Soviet leader Yuri Andropov, who replaced the late Leonid Brezhnev, later denounced the president's military strategy as "not just irresponsible, (but) insane." Both American and Soviet advisers are concerned about the tone of relations. Georgy Arbatov, the senior Soviet adviser on U.S. affairs, said that relations are "worse now than at any other time since the Cuban Missile Crisis (1962)."

The tone of the speechmaking seems much tougher than the substance of U.S.-Soviet relations. Both sides are engaged in three separate negotiations concerning reductions of long- and short-range nuclear weapons and of conventional arms. The proposals sound peaceful: President Reagan has proposed eliminating all nuclear missiles in Europe, and the Soviets and their Eastern European allies have urged a freeze in the growth of nuclear weapons and have submitted a proposed nonaggression treaty with the United States and its allies in Europe.

But between the rhetoric and the reality is a large gray area. Neither side believes the other is making serious offers. Part of the problem is how each side perceives the other. On one hand, the Soviets believe the goal of the United States is to isolate the Soviet Union, curtail its influence in world affairs, and ultimately overthrow the communist government. On the other hand, the Reagan administration believes the Soviets are aggressively trying to spread communism throughout the world, by force if necessary. Each side considers itself the true defender of what is right and moral. These perceptions, whether right or wrong, have lead both sides to embark on an arms buildup, and someday these perceptions could lead the two superpowers into a devastating war.

KEY QUESTIONS:

- Do we accurately perceive the interests and actions of the Soviets?
- Should we negotiate a nuclear weapons freeze with the Soviets?
- Should arms control and trade negotiations with the Soviets be linked to Soviet behavior in international affairs?
- Is trading with the Soviets in our best interests?

BACKGROUND: From the Cold War to Detente

Allies in World War II—Faced with a common enemy, Adolf Hitler, the Soviet Union allied itself with the United States and Great Britain during World War II. American President Franklin D. Roosevelt, British Prime Minister Winston Churchill, and Soviet Premier Josef Stalin, known as the "Big Three," held summit conferences in 1943 and 1945 to coordinate the war effort against the Germans.

Origins of the Cold War—The alliance deteriorated almost immediately after the defeat of Hitler. At the third summit, held at Potsdam (now in East Germany) in July 1945, there was intense conflict concerning the drawing of national boundaries and the forms of government to be created in the areas of Europe liberated from Nazi rule. During the next few years, pro-Soviet communist regimes were instituted in Poland, Hungary, Bulgaria, Czechoslovakia, and Romania, and Germany was partitioned into communist and non-communist areas. In Churchill's words, an "iron curtain" fell between Eastern and Western Europe. This marked the beginning of the Cold War—"cold" because no military battles were fought; "war" because the feelings were that intense.

U.S. Strategy: Containment Policy—Containment policy meant that instead of forcing the Soviets out of Eastern Europe, the United States worked to prevent further expansion of their influence. This policy involved the following:

The Truman Doctrine (1947)—Greece and Turkey were embroiled in civil wars between their existing governments and communist opposition movements when Great Britain announced that its own economic problems required it to cease aid to the Greek and Turkish governments. President Harry Truman quickly offered U. S. arms and aid to the anti-communist forces. The policy of aiding governments challenged by Communists became known as the Truman Doctrine.

Marshall Plan (1947)—World War II left much of Europe in ruins. To help rebuild the cities of Europe, the United States provided billions of dollars in economic aid, food, clothing, manufactured goods, and machinery. One motive for instituting this program, called the Marshall Plan after Secretary of State George S. Marshall, was the belief that communism feeds on poverty and suffering. U.S. leaders believed that helping Western Europe rebuild its economy would lessen the chances of a communist take over.

North Atlantic Treaty Organization (1949)—A third key part of the containment policy involved the creation of a permanent military alliance among the United States, Canada, and the democracies of Western Europe. Just as the Marshall Plan was a collective effort toward economic recovery, the North Atlantic Treaty Organization (NATO) was a collective effort toward military security.

Alliance with Japan—After Japan surrendered, the United States maintained military occupation of the country under General Douglas MacArthur. In an effort to prevent the rise of another warlike government, the Americans helped rewrite the Japanese constitution, established a democratic political system, and helped rebuild the Japanese economy. The United States and Japan also signed a mutual-defense treaty, which guaranteed Japan's security and linked Japan to the anti-Soviet alliance.

Communism in Asia

Chinese Revolution (1949)—In October 1949 the triumph of Mao Zedong and the Chinese Communist party ended the long Chinese civil war. The United States had supported the forces of nationalist leader Chiang Kaishek, while the Soviet Union had supported Mao. (See the article about China.) Mao's victory fueled U.S. fears that communism would spread throughout the world.

Korean War (1950-1953)—After World War II, Korea was divided into two countries, the communist North and the non-communist South. In June 1950 North Korea invaded South Korea. The war quickly intensified, and U.S. and Chinese troops entered the conflict. The Korean War lasted three years and ended in a virtual stalemate. Although the United States repulsed the communist invasion, a truce has never been negotiated, so the threat of renewed hostilities remains.

Vietnam (1954-1975)—Since the 19th century Vietnam had been under French rule, interrupted only by Japanese occupation during World War II. After the war, the French regained control but faced opposition by Vietnamese nationalists seeking independence. In 1954 the French finally met defeat in a famous battle at Dien Bien Phu. Their defeat threatened the United States, however, because Ho Chi Minh, the leader of the independence movement, was perceived as a communist. According to the "domino theory" popular at the time, if one country fell to communism, its neighbors would follow suit. American involvement in Vietnam can be traced to this time and this theory.

Communism in Latin America

Cuban Revolution (1959)—In 1959 a revolution led by Fidel Castro overthrew the latest in a line of Cuban dictators, Fulgencio Batista. Although it was unclear at first whether Castro was actually a communist, the United States thought he was one and therefore opposed his revolution. Ultimately, Castro turned to the Soviet Union for support and instituted a communist government in Cuba.

Instability in Latin America—During the 1950s and 1960s, political and economic difficulties provoked insurrections in such countries as Guatemala, the Dominican Republic, Colombia, Venezuela, Brazil, and Argentina. Through foreign aid, CIA operations, and, in the case of the Dominican Republic, invasions by U.S. Marines, the United States sought to withhold power from groups perceived as communist.

Cuban Missile Crisis: Height of the Cold War—In October 1962 the world came closer to nuclear war than at any other time. The United States discovered that the Soviet Union had secretly installed nuclear missiles in Cuba. For seven days the world waited as President John F. Kennedy and Soviet Premier Nikita Khruschev engaged in tense negotiations. Finally the Soviets agreed to withdraw the missiles. The scare of the Cuban missile crisis helped bring a thaw in the Cold War, for the following year the United States and the Soviet Union signed a treaty limiting tests of nuclear weapons. Later steps taken toward improved relations culminated in the Nixon policy of detente.

SALT I—The centerpiece of detente was the first Strategic Arms Limitation Treaty (SALT I), signed by President Richard Nixon and Premier Leonid Brezhnev in 1972. This treaty was the first to limit the quantity of nuclear weapons. There were three main parts to SALT I:

Limitation of Anti-Ballistic Missile (ABM) Systems—ABMs are defensive weapons designed to intercept and destroy enemy missiles before they reach their targets. It was feared that if either the Americans or the Soviets were to develop an ABM to make their defense systems impenetrable, war would be more, not less, likely. SALT I limited each nation to only two ABM systems.

Temporary Limitation of Offensive Weapons—Although the ABM limitation was intended to be permanent, SALT I only limited offensive weapons for a five-year period. Arsenals were frozen at existing levels: 2,347 missiles for the Soviets; 1,710 for the Americans. SALT I allowed the Soviets more missiles because the United States could put more warheads (i.e., bombs) on each missile.

Pledge to Continue Negotiations—Both sides agreed to negotiate a second SALT treaty.

Failure of SALT II—When President Jimmy Carter and Soviet Premier Leonid Brezhnev signed the second Strategic Arms Limitation Treaty (SALT II) in June 1979, it appeared that seven years of intense negotiations were coming to a successful end. But the U.S. Senate never ratified SALT II (all treaties require approval by two-thirds of the Senate) because many senators believed the treaty made too many concessions to the Soviets. After the Soviet invasion of Afghanistan, the Carter administration withdrew the treaty from Senate consideration.

THE BALANCE OF POWER

Current Estimates of Strategic Forces and
President Reagan's Arms Reduction Proposal

	United States	Soviet Union	Reagan proposal	Soviet proposal
Total strategic delivery vehicles (intercontinental ballistic missiles, submarine-launched missiles and bombers)	1,940	2,700		25% reduction
Total ICBM and SLBM missiles	1,587	2,350	850	
Total ICBM missiles	1,043	1,400		
Total warheads and bombs	9,000	9,000		
Total missile warheads	7,100	8,400	5,000	
Total ICBM warheads	2,158	6,000	2,500	
Long- and Medium-range Bombers	350	400	Willing to discuss	
Air-launched Cruise missiles	3,180 by 1984	Deployment several years away	Willing to discuss	
Total missile throw weight (payload)	4 million pounds	11.2 million pounds	Equalize in phase two of negotiations	

Source: U.S. Arms Control and Disarmament Agency

Invasion of Afghanistan—When Soviet troops invaded this small Asian country in December 1979, relations between the two superpowers became more hostile than at any other time since the Cuban missile crisis. Our Western European allies, most Third World nations, and others joined the United States in denouncing the Soviet invasion. Nevertheless, approximately ninety thousand Soviet troops remain in Afghanistan today. No proposals to end this crisis have been acceptable to both the Soviet Union and the United States.

Poland—Threatened by the growing strength of the Solidarity labor movement, the Polish army seized control in December 1981, declared martial law, and arrested hundreds of Solidarity leaders, including the movement's charismatic leader, Lech Walesa. The Polish army crackdown came as a surprise, since many observers assumed the Soviet army would ultimately invade the country and suppress the movement as it did in Czechoslovakia in 1968 and in Hungary in 1956.

Within a week of the Polish crackdown, President Reagan had imposed economic sanctions against Poland. Later, blaming Moscow for the turmoil in Poland, Reagan sharply reduced Soviet-American trade and scientific exchanges. Included in the trade ban were American-built pipeline equipment the Soviets need to build a three thousand-mile gas pipeline to Western Europe and advanced computer and electronics equipment experts believe the Soviets want in order to improve their military (See article about Western Europe).

In the spring of 1982, the Polish government relaxed martial law, and the Reagan administration subsequently lifted trade sanctions.

CURRENT ISSUES

Do We Perceive Soviet Motives and Actions Correctly?—The Reagan administration has revived much of the rhetoric of the 1960s. The Soviets, says Reagan, are "adventurists" and "expansionists," who reserve the right to commit any crime, to lie, (and) to cheat to achieve their goal of world-wide communism. The administration has accused the Soviets of financing and arming terrorist groups around the world, giving support to radical anti-American movements in Europe, sending such "proxy forces" as the Cubans to fight wars in Africa, and themselves fighting a "war of aggression" with chemical weapons in Afghanistan. The administration also believes the Soviets are responsible for starting a new arms race.

Critics consider this explanation of Soviet behavior far too simplistic. They argue that many Soviet actions have been reactions to our anti-Soviet moves. Just as we feared the expansion of the Soviet empire after World War II, the Soviets fear encirclement by the United States and our allies. They are quick to point out historical facts to support these fears. For example, every Soviet school child is taught that the United States is the only country ever to have used the atomic bomb.

How Should We Counter Soviet Intervention?—Events in Poland and Afghanistan show our limited ability to respond to Soviet intervention. American options basically fall into two categories: military force and economic sanctions.

Military Force—When President Kennedy discovered that the Soviet Union had based nuclear missiles in Cuba, he placed U.S. strategic units on alert and ordered the Navy to blockade the island. Faced with American naval superiority and the threat of nuclear annihilation, the Soviets retreated. The threat of military aggression has been highly effective, say some experts, as long as the United States has shown a willingness to use force. But now Soviet military capability rivals our own. We have no assurance that the Soviets would retreat in a similar confrontation. For this reason, recent administrations have been more reluctant to threaten military aggression and have instead imposed economic or diplomatic sanctions.

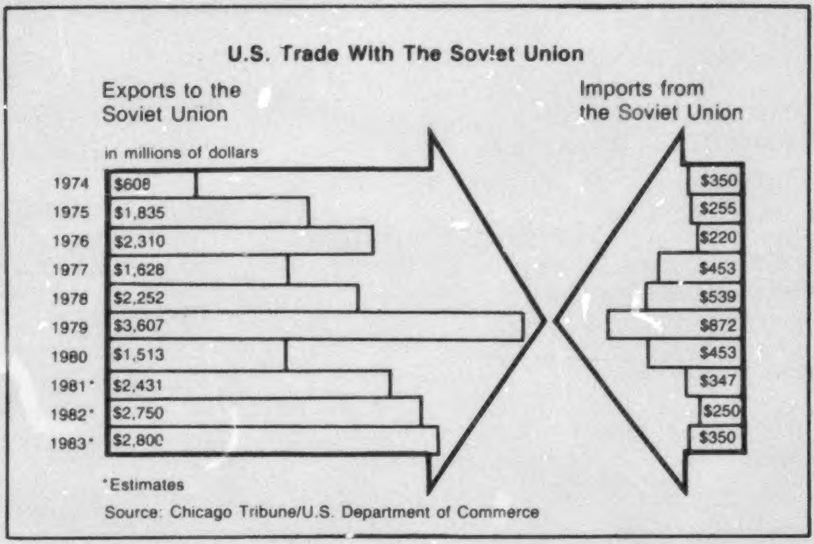
Trade Sanctions—Trade sanctions are an attempt to hurt the Soviets by denying them goods they need. After the Soviets invaded Afghanistan, for example, the United States refused to ship wheat to the U.S.S.R. (see article about Agriculture). However, many experts believe trade sanctions hurt U.S. interests more than they affect Soviet behavior. A major problem with trade sanctions is that they only work if imposed by every potential supplier. Argentina did not back the 1979-1980 grain embargo and sold enough grain to the Soviets to compensate for the American embargo. Another problem is that the Soviets have an abundance of natural and industrial resources. According to a Central Intelligence Agency (CIA) study of the Soviet economy, the Soviets use imports from the West to modernize their economy and to supplement the diet of their citizens. The CIA study concluded that the ability of the Soviet economy to remain viable in the absence of imports is greater than that of any other industrialized economy.

The Reagan administration, however, believes the United States cannot continue "business as usual" in the face of unacceptable Soviet behavior. Although it admits trade sanctions are not as effective as it would like, the administration maintains that they do have some effect and that they represent the only action the United States can take, short of war. Critics of the administration argue that bans on sales of U.S.-made high technology equipment to the Soviets are ineffective when the Japanese and West Europeans sell similar equipment to the Soviets. They maintain that embargoes only increase the level of conflict, usually hardening the Soviet position.

Should We Trade with the Soviets at All?—Some members of the Reagan administration, including Secretary of Defense Caspar Weinberger, question whether the United States should trade with the Soviets at all. Weinberger argues that trade with the Soviet Union helps its economy and strengthens its military. Many who advocate ending East-West trade have quoted Lenin, who said that the West "will sell us the rope with which we will hang them."

Those who advocate trading with the Soviets say we should sell them everything we can. Exports to the Soviet Union help our economy and make the U.S.S.R more dependent on us. The more we trade, they argue, the more interests we share and the less likelihood there is of conflict.

The Reagan Nuclear Arms Policy—The Reagan administration recently became the first to announce that the Soviets have nuclear superiority. According to Reagan, the growing obsolescence of our land-based missiles has opened a "window of vulnerability" through which they could all be destroyed by a Soviet first strike. Other American experts, however, believe the United States and the Soviet Union have achieved "essential equivalence" in the arms race,



U.S. Trade With The Soviet Union

*Estimates

Source: Chicago Tribune/U.S. Department of Commerce

meaning that neither side has a particular advantage. These experts note that although the Soviets are ahead in land-based missiles, we lead in submarines and airplane-launched missles. A third group of observers believes there are so many nuclear weapons now that who has more is really irrelevant. This group quotes the words of Winston Churchill, saying that the world has enough nuclear weapons "to make the rubble bounce."

President Reagan has proposed a major nuclear arms buildup to counter the Soviet "advantage." His five-year defense plan includes funds to build 100 B-1 bombers, 100 MX intercontinental ballistic missiles, and several Trident nuclear missile submarines. (These long-range bombers and missiles are designed to destroy Soviet cities and Soviet military and industrial establishments.) The plan would also modernize and expand tactical nuclear forces designed for battlefield use in Europe. But although the president plans a U.S. nuclear weapons buildup, he has also called for a bilateral agreement to reduce strategic and tactical nuclear arms. According to the administration, the buildup is an important prerequisite to the disarmament talks because the Soviets will want to negotiate in order to end the American buildup.

START—In June 1982 the Soviets and Americans reopened arms negotiations. The president renamed the talks START, for Strategic Arms Reduction Talks. Reagan favors reducing arms rather than freezing them at current levels because he believes the Soviets currently have an advantage.

The Reagan administration has proposed that both sides reduce their land-based ICBMs and submarine-launched missiles (SLBMs) to 850 each and limit total missile warheads to 5,000 each. Only half of those warheads could be on land-based missiles (for current totals see the adjoining table). The Soviets charge that the proposal is totally unfair. The plan would permit the United States to keep all of its newest multi-warhead Trident and MX missiles that are under construction or in the planning stage. The Soviets, however, would have to dismantle some of their newest land-based missiles.

Nuclear Freeze—Massive rallies in the United States and Western Europe have demanded that the superpowers freeze nuclear arms at current levels. A 1982 *New York Times*-CBS News poll showed 72 percent of the population in favor of a nuclear freeze, although they opposed any that would give the Soviets an advantage. The Reagan administration, however, says a freeze at current levels would in fact give the Soviets an advantage. Nevertheless, on May 4, 1983, the House of Representatives passed a nuclear freeze resolution.

Alternatives to the Reagan Plan—There are several proposed alternatives to the Reagan plan besides freezing nuclear weapons. One plan, suggested by Senator William Cohen (R-Maine), proposes that each side retire two older missiles or bombers for every new one brought into service. Cohen calls the proposal a "guaranteed arms build-down." The advantage of his proposal is that it provides a formula for arms reduction while allowing the administration to go ahead with deployment of its new long-range missiles and bombers.

In April 1983 the Presidential Commission on Strategic Forces put forth another proposal. The commission urged the administration to reassess its current strategic arms proposal to focus on limiting the total number of warheads on land-based missiles and to permit a larger number of missile launchers. The panel's ten thousand-word report said this would reduce the threat of war for both sides by making each side less vulnerable to a surprise attack. Multiple warhead missiles are more destabilizing because a few missiles could destroy an enemy's entire land-based missile force. Fearful that his opponent might launch a surprise attack, an enemy might choose to launch his missiles first rather than negotiate a settlement.

The "Star Wars" Defense—President Reagan angered the Soviets when he proposed that the United States develop a ballistic missile defense system in space. The Soviets argue that such a system would violate the ABM section of SALT I. Furthermore, the system would endanger the Soviets since they would not be able to counter a U.S. attack. Reagan argues that developing an anti-missile system in space would provide more security than counting on the Soviets not to attack for fear of mutually assured destruction.

Human Rights in the Soviet Union—The Soviet Union has a long history of repressing political dissidents and refusing to allow its citizens to leave the country. The United States has always objected to this, but different administrations have approached this issue in different ways. In the early 1970s Secretary of State Henry Kissinger defended behind-the-scenes, quiet diplomacy as the best way to proceed on human rights issues. His critics, however, saw this as an excuse for his not placing a high priority on human rights. President Jimmy Carter took a much more active approach, publicly criticizing the Soviet Union for its repression of political dissidents and of Jews wishing to emigrate. Carter's critics claimed his style of diplomacy was counterproductive, because it made the Soviets less willing to compromise.

President Reagan has also spoken out against Soviet human rights violations. However, so far Reagan has refused to link human rights to any other issue, such as arms control negotiations. Critics, including Henry Kissinger, consider linking Soviet behavior to the United States' willingness to negotiate the only way to moderate Soviet behavior.

OUTLOOK

It is doubtful that there will be an arms reduction agreement before the end of President Reagan's first term. The Soviets rarely make any agreements that are not in their interest, and they clearly believe the Reagan administration's arms control proposals would put them at a relative disadvantage. The strong, cold-war rhetoric may also stand in the way of any kind of agreement either on arms control or on other subjects such as human rights and trade. Despite expectations in 1982 that Soviet policy would change after the death of Brezhnev, the new Soviet leader, Yuri Andropov, will continue to pursue the long-held Soviet goal of achieving diplomatic and military parity with the United States. The American position is also unlikely to change as President Reagan continues his quest for U.S. military superiority.

THE DEBATE

The Soviet Union

Should We Negotiate a Nuclear Freeze?

PRO	*CON*
● The Soviets and Americans have almost twenty thousand nuclear warheads in their arsenals. Building more will not make us any safer. It is hard enough to negotiate any kind of arms agreement. Until we can negotiate a comprehensive agreement, a nuclear weapons freeze is the only sane answer.	● If we were to freeze our weapons at existing levels, we would put ourselves in a weak position. We must either negotiate a treaty that would reduce the arms of both sides fairly or else demonstrate the ability and resolve to expand our nuclear forces to match those of the Soviets.

Should We Link Arms Control Negotiations to Soviet Behavior?

PRO	*CON*
● We must refuse to negotiate arms control agreements unless the Soviets end human rights abuses and political interference in other countries. The Soviets want to end the arms race as much as we do. Holding out as bait a promise to end the arms race is an effective way to influence Soviet behavior.	● If we link Soviet behavior to negotiations, we will never settle anything. Ending the arms race is crucial. We cannot let other political issues eclipse this goal. Furthermore, arms control is in our interest as much as in the interest of the Soviets. Refusing to negotiate hurts us as much as it hurts them and leaves both sides worse off.

Should the United States Punish Soviet Aggression with Economic Sanctions?

PRO	*CON*
● Economic sanctions are a relatively effective means of underlining our resolve and actually punishing the Soviets. Economic sanctions may not make an immediate difference, but when the Soviet leaders have to explain shortages of meat or bread, they will think twice about causing trouble again.	● Sanctions are ineffective because they hurt American businesses and farmers more than they hurt the Soviets. Since they can find other nations from which to buy what they need, the Soviets rarely suffer from severe shortages. In addition, the sanctions make the Soviets more determined and less willing to compromise.

Defense

When the Reagan administration came into office, it told Congress it would request at least $1.6 trillion over a five-year period to modernize and expand the U.S. military forces. According to the president, bigger defense budgets would be essential to offset gains made by the Soviet military. The president's expansion plans called for increased production of many weapons, especially warships and long-range nuclear weapons, and even left open the possiblity of reviving the draft to ensure that units were properly staffed. For the most part Congress went along with the president, approving large defense budget increases despite fears that the budget deficit had become too large and that social welfare programs were being cut too deeply. The administration hopes Congress will continue to support its defense budget. In FY84 the White House has requested $238.6 billion for defense, which is a 10 percent real increase over the 1983 budget.

Unlike previous years, there is great dissatisfaction with the president's defense budget, however. Some critics deny outright that the United States needs to increase arms spending. They argue that money spent for defense would be better spent in finding solutions to our domestic economic problems. Other critics, among them members of Congress who have traditionally supported defense budget increases, have attacked the budget because it would increase the already huge budget deficit. Many of these critics would like the president to delay ordering expensive new nuclear weapons and concentrate on rebuilding our conventional forces instead. The president has also been criticized by some of his conservative allies, who say the administration is buying new, expensive weapons without thinking how those weapons would be used in a war.

Fewer people today support increasing the defense budget than when the president was elected. In a Washington Post/ABC News poll conducted in January 1983, 54 percent said military spending had increased too much. Only 18 percent said that in April 1981. One reason for the Pentagon's loss of support may be the administration's talk of "limited nuclear war" and the expressed belief of some members of the administration that the United States could "win" a nuclear war—talk that scares many people. Fearing the thought of nuclear war and an uncontrolled arms race, a growing number of citizens have advocated that the United States and the Soviet Union freeze their nuclear arsenals.

KEY QUESTIONS:

- Are we spending too much for defense?
- Do we need more nuclear weapons?
- Should we prepare to fight a limited nuclear war?
- Do we need a draft?

BACKGROUND: U.S. Defense Policy

Why Do We Need a Strong Defense?—Our country is not presently at war with anyone. Our nearest neighbors are peaceful, and our ships pass through international waters unmolested. So why do we spend billions of dollars each year for the military? One basic reason is that by maintaining a strong military we deter other nations from attacking us. We want potential enemies to know that if we were attacked, either by conventional or nuclear weapons, we would not be caught without sufficient forces to fight what could be a very short war. We also use our defense forces, especially our navy, to demonstrate our power and determination to protect our interests around the world. The United States has an interest in maintaining stable and friendly governments in Europe, in the Middle East, in Latin America, and in other strategic areas.

Our forces train primarily to fight one potential enemy: the Soviet Union. The Soviets are our adversaries because we perceive their national interests to be in direct conflict with our own and because the U.S.S.R. is the only nation that rivals us in military power. Since the end of World War II, the Soviets have built up their military force in an attempt to catch up with us. During most of that period we have acted as rivals for influence and power in most regions of the world. Many policymakers believe the Soviets are committed to spreading communism around the world, militarily if necessary. Others argue that the Soviets have built up their military because they fear we will try to subvert their national interests. (See article about the Soviet Union.)

Our military forces include approximately two million people in uniform. They are divided among four services: the Air Force, the Army, the Navy, and the Marine Corps. Although each service has its own mission, many functions overlap. The five basic missions of our military are to defend the United States from attack, to deter nuclear war, to protect Europe from attack, to project force in support of U.S. foreign policy, and to ensure freedom of the seas.

Defending the United States—Because Canada and Mexico are both friendly, a land assault against the United States is unlikely. But an attack from nuclear missiles or bombers is a possibility. Since the closing of our only anti-ballistic missile site in the 1970s, we have had no ability to shoot down missiles. However, the Air Force maintains a large array of radar installations in Canada, Greenland, and northern portions of the United States to give early warning of an attack. In the event of an assault by Soviet bombers, the attack would be intercepted by Air Force jet fighters. The Navy would assist in this role. If the Soviets were to launch their missiles at us, the radar installations would give the president twenty to thirty minutes to get to safety and to decide whether to launch a reprisal attack.

Nuclear Deterrence—When the United States first introduced nuclear weapons to the arsenal of warfare, we used the threat of nuclear attack to deter other nations from starting a war. We declared that if we or our allies were attacked, we would respond with nuclear weapons. American military strategists believed the nuclear threat was essential to counter the tremendous size of the Soviet army. As long as the United States was the only country with nuclear weapons, the threat was enough. But once the Soviets developed nuclear weapons, too, American military planners had to consider the possibility that an American nuclear attack on the Soviets, even in response to a conventional military attack, could result in a Soviet nuclear attack on American cities. This led to a new reality: The nuclear capability of the Soviet Union and the United States meant that each nation could deter the other from attacking.

Deterrence now has a slightly different meaning. We maintain a nuclear weapons arsenal not only to deter a conventional attack but also to deter a nuclear attack. Until recently, the foundation of nuclear deterrence was MAD, an acronym that means "mutually assured destruction." Under this concept we assumed no country would start a nuclear war knowing it too would be destroyed. The MAD concept has been virtually abandoned by defense strategists, however. Although the goal of nuclear deterrence has not been forsaken, strategists do not believe the threat of an all-out nuclear attack is credible. They say world leaders will probably employ a *flexible response*, possibly exchanging nuclear attacks on individual targets until one side gives in.

Today our strategic nuclear forces are divided into a *triad* of 1,043 land-based intercontinental ballistic missiles (ICBMs), 350 medium- and long-range bombers, and 33 missile launching submarines carrying a total of 544 missiles. The triad ensures that a successful *first strike* against our land-based missiles would still leave a sufficient number of missiles aboard submarines and bombers to deliver a counter-strike against the attacker.

The Defense of Europe—After World War II the Soviets controlled most of Eastern Europe. U.S. policy was to prevent the Soviets from extending their control further west into Europe. To contain the Soviet Union we formed the North Atlantic Treaty Alliance, a military alliance that included the United States, Canada, most of the Western European democracies, Greece, and Turkey. Shortly thereafter the Soviets formed a similar alliance, the Warsaw Pact, which now includes the Soviet Union, East Germany, Poland, Hungary, Czechoslovakia, Rumania, and Bulgaria.

The defense of Europe is still very important to the United States. We maintain a force of more than 220,000 men and women in Europe and spend billions of dollars for the defense of Europe. The conventional forces of the Warsaw Pact are slightly larger than NATO's. In a war, NATO would field 1.1 million men and women against about 1.2 million Warsaw Pact troops. The Warsaw Pact, however, has roughly a 3 to 2 advantage in combat aircraft, tanks, anti-aircraft missiles, and anti-tank missile launchers. If our troops were overwhelmed by a Soviet attack, NATO might use tactical nuclear weapons—short- and medium-range missiles, nuclear-tipped cannon shells, and land mines—to stop the Soviet advance.

In addition to protecting our NATO allies, we are also committed to defending other allies around the world, specifically Japan, South Korea, and many South American countries.

Projection of Force—During the Cold War years of the 1950s and 1960s, the United States frequently used military force to support troubled pro-American governments, especially those fighting a communist-backed invasion or insurrection. When the communist army of North Korea invaded the noncommunist country of South Korea, the United States entered the war, along with a United Nations "police force," on the side of the South Koreans. In 1954, when it appeared that the communist army of Ho Chi Minh would win victory in Vietnam, the United States entered what proved to be a twenty-one-year war with immense human and monetary costs. Similar perceptions of a communist threat led to U.S. intervention in Guatemala (1954), Lebanon (1958), Cuba (1961), and the Dominican Republic (1965).

Although we became more reluctant to use our muscle after the Vietnam War, the Soviet invasion of Afghanistan in 1978 and the Iranian takeover of the American embassy in 1979 renewed interest in developing our ability to project force into troubled areas or volatile areas of the world. In 1979 the Carter administration established the Rapid Deployment Force, which trains personnel selected from all branches of the military to react to a major crisis in a distant region.

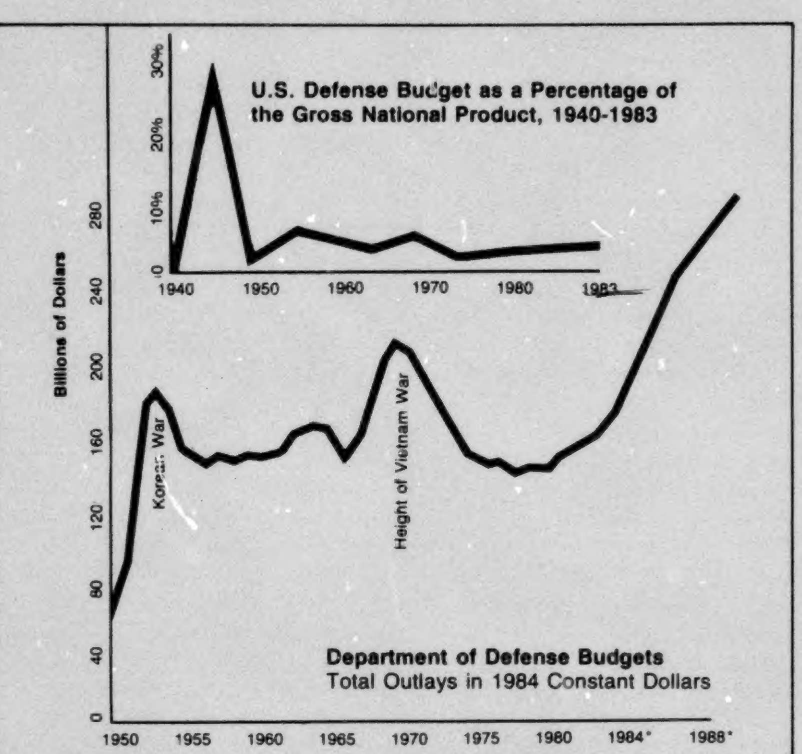
Control of the Seas—The Navy's primary mission is to ensure that merchant ships can travel unmollested in international waters. To maintain this security, the Navy has about 506 ships, including 200 major combat surface ships and 90 attack submarines. The main force of the Navy is its 13 aircraft carrier task forces. A task force is a group of ships designed to project power and defend itself against all attacks. A typical carrier task force would include an aircraft carrier with approximately 90 to 100 aircraft, 3 anti-aircraft cruisers or destroyers, 2 anti-submarine destroyers or frigates, an attack submarine, and various support ships.

The size of the Navy decreased from a force of more than 900 ships after the Vietnam War to a force of just 450 ships three years ago. By 1989 the U.S. Navy is expected to return to a force of 600 ships. The Soviet navy has more than 1,000 ships. However, the Soviets do not have aircraft carriers of the size or with the capability of our own. The Soviets have two small anti-submarine aircraft carriers and are now building their first large carrier, but in the meantime they have equipped their ships with numerous anti-ship missiles similar to the Exocet missile that sank the H.M.S. Sheffield during the Falklands War.

CURRENT ISSUES

The Size of the Defense Budget—The administration's defense spending plans for the coming year and for the next five years represent a sizable increase in defense spending. The president has requested $245.4 billion for 1984, and he wants to increase that figure an average of 7 percent a year thereafter (after accounting for inflation). The total five-year defense plan could cost $1.8 trillion. Much of the money for new weapons would be spent to expand the Navy from a fleet of about 500 ships to one of about 650 ships, including three new nuclear-powered aircraft carriers (two were approved in fiscal 1983) and six Trident missile submarines. The administration also plans to build 100 new B-1B bombers, 100 new Peacekeeper (MX) intercontinental ballistic missiles, and 7,058 M1 tanks by 1990.

The Soviet Threat—The Reagan administration justifies its planned increases in military spending by contending that the Soviets have developed their armed


U.S. Defense Budget as a Percentage of the Gross National Product, 1940-1983

Department of Defense Budgets
Total Outlays in 1984 Constant Dollars

Source: Department of Defense

*Outlays for 1984-1988 are estimates.

forces over the years to the point that they now have military superiority. The administration says the Soviets spend as much as 15 percent of their Gross National Product (GNP) on defense while the United States spends an average of 5.9 percent of its GNP on defense. As a result the Soviets now have more guns, tanks, troops, ships, and nuclear missiles than we have.

Critics of the administration's defense budget note that comparing defense spending is very difficult. They concede that the United States spends less of its GNP on defense than the Soviets do, but they point out that our GNP is much larger. The critics (and the Soviets) deny that the U.S.S.R. has military superiority. Instead they argue that American and Soviet forces are roughly equal. Although the Soviets have more of some weapons, the United States has more advanced weapons, larger aircraft carriers, and more nuclear warheads. Furthermore, these critics assert that the Soviets have more security threats to contend with than we do, including a long border with a hostile China.

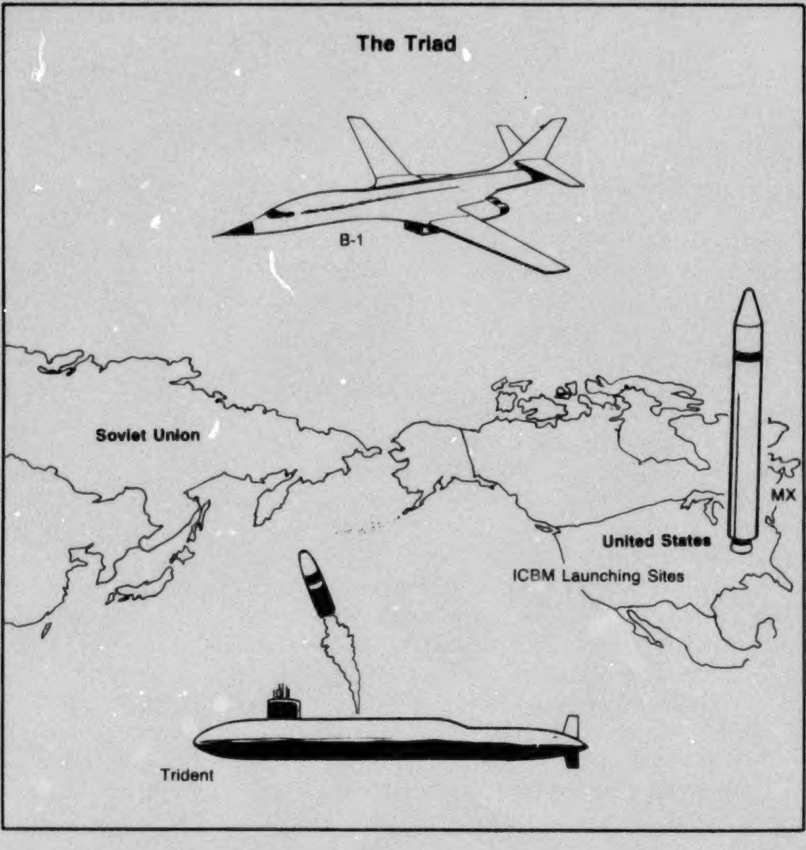
What Types of Weapons?—The debate over weapons acquisition often focuses on whether it is better to buy a few sophisticated but expensive weapons or a greater number of simpler weapons. High technology weapons are criticized for their high cost, their low reliability rate, and their complexity of operation. The new M-1 tank, for example, is the fastest tank in the world, and its laser range finder makes its gun highly accurate. But in tests the tank broke down every thirty miles. Military reformers, led by Senators Sam Nunn (D-Ga.) and Gary Hart (D-Colo.), believe the Pentagon should buy a greater number of simpler weapons and fewer state-of-the-art weapons. Military people, however, say the Falklands War demonstrated that outnumbered forces can win battles if equipped with superior weaponry.

The MX (Peacekeeper) Missile—Both the Senate and the House have approved flight testing for the controversial MX missile, recently named the Peacekeeper. The administration wants to build 100 of the highly accurate and potentially mobile land-based missiles to counter a perceived Soviet advantage in this area, but it has received strong opposition from several members of Congress. These critics consider the missile unnecessary and protest that it does not have a planned basing system that will protect it from attack. Congress only approved flight testing the missile after the president had promised to be more flexible in his pursuit of nuclear arms control negotiations with the Soviets.

Reasons to Build the MX—The president believes the MX is needed because our existing force of one thousand Minuteman single- and triple-warhead missiles has been made obsolete by the growing Soviet nuclear arsenal. The missiles are considered vulnerable to a Soviet first-strike attack, and they lack the ability to destroy Soviet missiles in hardened underground silos. This "gap" between the abilities of Soviet weapons and American land-based weapons might tempt the Russians to try "nuclear blackmail" against the United States, argues the administration. According to its proponents, the MX would greatly reduce this gap in martial abilities. With ten highly accurate warheads, the MX missile is designed to destroy protected Soviet missiles, and because the MX can be made mobile, it can elude destruction from a surprise attack. The administration also believes the missile will convince the Soviets to bargain seriously for a reduction in strategic weapons and demonstrate symbolically America's determination to "stand up" to the Soviets.

Basing the MX—Defense planners have had a hard time designing a basing system for the MX that would protect it from a Soviet attack. The Carter administration proposed placing the missiles on fast-moving trucks on a large "racetrack." President Reagan later proposed a system called Dense Pack, which would have placed the missiles in closely grouped silos. If the Soviets sent several missiles to destroy each Peacekeeper in its silo, the explosion of the first Soviet missile would destroy the other attacking missiles. The racetrack scheme was rejected because of its massive cost and the environmental damage its construction would do to parts of the southwestern United States. Congress and defense specialists also found serious flaws in the Dense Pack scheme and killed it. The current plan is to initially base the missiles in existing Minuteman underground silos that would be reinforced to survive a more powerful nuclear explosion.

Scowcroft Commission—President Reagan's May 1983 victory for MX flight testing came only because several dozen liberals and moderates had insisted that Reagan support the findings of the Scowcroft Commission. The Scowcroft Commission was a presidential panel charged with finding a basing strategy for the MX or some other system that would reduce the vulnerability of America's land-



The Triad

based intercontinental missile force. The commission's report not only discussed basing strategy but also challenged several aspects of the president's overall nuclear arms strategy.

The Scowcroft Commission agreed with the president that the MX is needed to convince the Soviets to negotiate seriously and to give the United States the ability to destroy Soviet land-based missiles in their silos. However, the commission argued that land-based missiles need not be invulnerable to attack because under such circumstances the other two legs of the strategic triad would still be intact. As a result, the MX could be based in existing Minuteman missile silos.

But the panel saw grave potential danger in the U.S. and Soviet trend toward building bigger multi-warhead missiles. With five thousand land-based warheads, the commission said, the Soviet Union could knock out almost the entire inventory of American land-based missiles with only a portion of its force. The panel urged the United States to try to negotiate a reduction in the number of warheads, rather than the number of bombers and missiles. In this case, argued the commission, both sides would be under pressure to distribute their warheads among a large number of missiles rather than among a few, more vulnerable, multi-warhead missiles. In anticipation of this, the panel also suggested that the United States develop a small, mobile, single-warhead missile, nicknamed Midgetman, that could be deployed in the 1990s.

Limited Nuclear War—For many years administration officials assumed that if a nuclear war were to occur, both sides would launch every bomber and every missile they had in a matter of hours, and that few would survive on either side and no one would be left to claim victory. But in 1982 members of the administration, among them Secretary of Defense Caspar Weinberger, suggested that with the proper strategy the United States might be able to survive and win a nuclear war. The administration is not alone in its belief that nuclear war is survivable. The Defense Department estimates that the Soviets devote about $2 billion a year to civil defense projects. The United States spends only $133 million a year; however, the administration has proposed spending $4.2 billion over the next seven years.

Few in government want to say that the United States would not use nuclear weapons in some circumstances. This administration, as well as the Carter and Ford administrations, believes that for deterrence to work the United States must demonstrate its willingness to use nuclear capability if threatened. If we were not to show this willingness, it is argued, Moscow might feel free to attack U.S. military targets with its own nuclear weapons. To make real the American threat of nuclear force, former secretary of state Alexander Haig once suggested that we fire one or two "warning shots" to scare the Soviets to the peace table.

Critics have attacked the idea of limited or survivable nuclear warfare. They contend that the military and the governments would not be able to prevent total escalation and that even if nuclear war were limited, the radiation from even a few nuclear weapons would ruin our food and water supply. Furthermore, by believing nuclear war is survivable, the administration is making it thinkable and therefore more likely to happen.

Arms Control—In 1981 many Americans favored building up America's military power. However, in 1982 a large segment of the public expressed support for the nuclear freeze movement, which advocates freezing U.S. and Soviet nuclear arsenals at current levels. In fact, the House of Representatives passed a resolution supporting a nuclear freeze in 1983. The administration opposes the plan. It maintains that if the United States were to freeze nuclear arms at current levels before modernizing its nuclear forces, it would be in a permanent position of strategic inferiority. Instead, the president has called for negotiations to reduce both Soviet and U.S. nuclear forces. In June 1982 the United States and the Soviet Union began what President Reagan has named START (Strategic Arms Reduction Talks). The two sides are debating the president's proposal, which would leave each side with five thousand warheads apiece, no more than half of which could be land based. The Soviets argue that such a standard would leave them at a disadvantage, because the United States has more submarine-based missiles and bombers and is planning to place nuclear cruise missiles on one hundred Navy ships.

With approval for testing the MX missile, the president has promised to shift the administration's approach to arms control. In June 1983 he was considering a variety of proposals, including a "build down" scheme, whereby two missiles would be dismantled for every new missile deployed, and the Scowcroft Commission proposal to reduce the number of warheads, rather than missiles and bombers. (For further information about arms control, see the Soviet Union chapter.)

"High Frontier" Missile Defense—In a televised speech in March 1983 President Reagan called for using space-age technology to develop a futuristic defense against Soviet intercontinental ballistic missiles, which supporters know as the "High Frontier Defense" and critics ridicule as the "Star Wars" system. The Soviets and many American newspapers, politicians, and defense planners criticized Reagan's proposal as being a destablizing move that would violate the ABM portion of the SALT I treaty. The president and other advocates of an ABM system, either in space or on land, argue that fear of mutual destruction may not be enough to deter a nuclear attack. An impenetrable missile defense system might give us more security. Critics note that the development of a ballistic missile defense system would launch a new and more costly arms race. Military leaders further point out that such a system could take decades to design and build.

The All-Volunteer Force and the Draft—In 1973 the draft was ended and the "All-Volunteer Force" (AVF) was created. Since then, there has been concern that the AVF has not attracted the quality or quantity of young people the military needs. Supporters of the AVF note that in 1981 the military met all its recruiting quotas and that military recruits scored higher than the national average in recent tests. However, many observers note that recruitment goals are often met when the economy is in recession.

The debate regarding the draft intensified in 1979 when the Soviets invaded Afghanistan and President Carter ordered reinstatement of draft registration. Although President Reagan campaigned against draft registration while running for office, he has since reversed his position, noting that draft registration could save the United States as much as six weeks in mobilizing emergency personnel.

In late June 1982 Benjamin H. Sasway, a student at Humboldt State University in California, became the first person to be indicted for failing to register for the draft. He was later convicted and faces up to five years in jail and a $10,000 fine. The Justice Department has prosecuted at least fourteen other young men so far and has received convictions on most of them. It plans to prosecute more young men in order to encourage more than 400,000 men to register and avoid prosecution. About 9.8 million men born between 1960 and 1964 have registered thus far. To further enforce registration laws, the Department of Education has issued a rule requiring colleges to verify that applicants for federally financed student loans have registered for the draft.

Some observers believe the president is likely to reinstate the draft because his plans to enlarge the military will require 250,000 more people in uniform and because the high salaries needed to attract young people to the service during good economic times are very expensive. With unemployment high, the military has had no trouble finding recruits. However, a draft could help fill military units and save the administration millions of dollars in lower payroll costs when the economy improves.

OUTLOOK

Two years ago Congress seemed willing to pass any defense budget the president might propose. But this year the nuclear freeze movement, prospects of a $200 billion budget deficit, the administration's appearance of yielding to Pentagon generals' wishes, and the administration's apparent inability to devise a coherent overall defense strategy seem to have made large cuts in the defense budget more likely. But don't look for a smaller defense budget. Many congressmen do not want to go on record as supporting defense cuts, even to reduce the budget deficit. Also, most senators and representatives will oppose cutting defense projects in their area. Instead of reduced spending, Congress may force the administration to accept somewhat smaller increases in defense spending.

THE DEBATE

Defense

Are We Spending Too Much for Defense?

PRO	*CON*
● Those who say there can be no such thing as too much defense are wrong. The cost of the defense budget cannot be ignored by anyone serious about balancing the budget or improving our economy. Moreover, history demonstrates that arms races lead to instability and to war.	● A country can never have too much defense in a world where total destruction is possible. It is only prudent to err on the side of caution. The one policy area in which government spending should be increased is national defense.

Should We Enlarge Our Strategic Forces?

PRO	*CON*
● During the past ten years the Soviets have made major advances in their strategic, tactical, and conventional forces while we have stood still. Our conventional forces are not large enough to oppose the Soviet conventional forces and win. Therefore we have to maintain an effective nuclear deterrent to prevent a Soviet conventional attack.	● We have more than enough nuclear weapons to deter the Soviet Union from attacking us. Rather than spending billions of dollars on additional weapons, we should negotiate arms control agreements with the Soviets.

Should We Reject a Soviet Proposal for a Freeze on Nuclear Weapons?

PRO	*CON*
● A freeze would lock the United States and its allies into a position of military inferiority. We shouldn't freeze nuclear weapons until we can correct our deficiencies or negotiate an equal reduction of nuclear forces.	● A nuclear freeze would stop the arms race in its tracks, save billions of dollars, and still leave the United States in a position to deter a Soviet attack. Arms reductions would be beneficial, but they would take much longer to negotiate.

Do We Need a Draft?

PRO	*CON*
● Although the services are currently meeting their quotas for recruits, when the recession ends young people will have other jobs from which to choose. Raising wages to compete with these civilian jobs would be too expensive. A draft would ensure that our military has the personnel it needs and that the burden of defending America is shared evenly, instead of falling on the shoulders of the poor and minorities as it does now.	● Last year the All Volunteer Force met its quotas for recruits and attracted people of higher than average intelligence. The military's personnel problems would not be cured by a draft. The real personnel problem, low rates of reenlistment, can only be alleviated with higher wages and more attractive benefits.

Should We Develop a Ballistic Missile Defense System in Space?

PRO	*CON*
● We have placed a great deal of faith in the concept of mutually assured destruction, and so far it has worked. But someday a madman is going to fire his missiles. Can our fear of nuclear war save us then? A ballistic missile defense system in the "high frontier" of outer space could ensure the safety of ourselves and our allies. It is a long way from becoming a reality, but it is worth working for.	● The Russians are horrified by the possibility of a foolproof outer space missile defense system, and with good reason. It would mean that the Soviets could pose no significant nuclear threat to the United States and that the concept of nuclear deterrence would therefore be dead. Such a situation would be very destabilizing and would undoubtedly start a new arms race to invent new outer space weapons. Another reason for opposing the "Star Wars" missile defense idea is that we signed a treaty promising not to build new anti-ballistic missile systems. Is this the time to break our promise?

Nuclear Proliferation

"As other governments, perhaps even in the future dozens of governments acquire these (nuclear) weapons, it may only be a matter of time before madness, desperation, greed, or miscalculation lets loose this terrible force." Even those Americans who disagreed with former president Jimmy Carter's policies tended to agree with this statement. Today six countries—the United States, the Soviet Union, Great Britain, France, China, and India—possess the bomb. At least nine other countries are believed either to possess this awesome weapon or to be capable of building it: Canada, West Germany, Sweden, Argentina, Brazil, Pakistan, Libya, South Africa, and Israel. And by the year 2000 at least thirty-one countries will be able to produce their own nuclear weapons.

Although every president since Harry Truman has spoken out against the spread of nuclear weapons, the problem for American policy has been how to enforce nonproliferation. International treaties, behind-the-scenes diplomacy, and refusals to sell nuclear technology and raw materials to countries suspected of developing the bomb have all been tried. However, none has worked satisfactorily, and the list of countries capable of building nuclear weapons continues to grow. Ahead is a more disturbing question: How would we react to a nuclear threat from a terrorist group or an unstable government suspected of having nuclear weapons?

KEY QUESTIONS:

- How can we prevent nuclear proliferation?
- What should we do if a terrorist group or an unstable government threatens us or our allies with a nuclear attack?

BACKGROUND: Nonproliferation Policy

Peaceful Uses of Nuclear Energy—Since 1954 it has been U.S. policy to assist foreign nations in developing nuclear energy projects. By the mid-1960s American industry had built fifteen nuclear reactors abroad, and more than three thousand persons from sixty-seven countries had come to the United States for training in nuclear science and technology. This policy was called Atoms for Peace because it stressed peaceful uses of nuclear energy.

Atoms for Peace restrictions forbade countries to divert these exports and training programs to building nuclear weapons, and the United States worked closely with the International Atomic Energy Agency (IAEA) to enforce these restrictions. (The IAEA is an arm of the United Nations that acts as an international watchdog of nuclear energy.)

Treaty of Tlatelolco (1967)—In 1967 the United States and most Latin American countries negotiated one of the first major nonproliferation agreements, the Treaty of Tlatelolco. Their goal was to make Latin America a "nuclear-free zone"; that is, individual Latin American countries agreed not to develop nuclear weapons, and the United States promised not to deploy any of its nuclear weapons in Latin America. However, such key countries as Argentina and Brazil have refused to agree to the treaty.

International Nonproliferation Treaty (1968)—After many years of debate and negotiations, the UN General Assembly approved a treaty intended to halt the spread of nuclear weapons. It permitted all countries to continue developing nuclear energy but not nuclear arms. The IAEA conducts on-site inspections to enforce this agreement. Although 115 nations have signed the treaty, such key countries as China, India, Israel, Pakistan, South Africa, Argentina, and Brazil have not. Signatories that had a nuclear weapons capability before 1967 are forbidden to assist any nation in developing a nuclear weapon.

U.S. Nuclear Nonproliferation Act (1978)—In 1975 and 1976 Congress passed bills that restricted American foreign aid to countries suspected of developing nuclear weapons. In 1978 Congress almost unanimously supported President Carter's Nuclear Nonproliferation Act bill, which restricted American exports of nuclear materials, equipment, and technology to such countries.

CURRENT ISSUES: Finding an Effective Nonproliferation Policy

The Carrot or the Stick?—To enforce nonproliferation, which works better, the "carrot" or the "stick?" One approach stresses convincing other nations to cooperate with us through friendly relations and behind-the-scenes negotiations. The other emphasizes punishing nations that refuse to cooperate by cutting off trade (called an embargo) and by other assertions of American power.

The Nuclear Nonproliferation Act of 1978 was an example of using "the stick:" Countries that refused to comply with nonproliferation were to be punished. But in July 1981 President Reagan announced a major policy change, arguing that we would be more likely to enforce nonproliferation were we a predictable and reliable partner. His policy reflects the belief that friendly relations will give us more leverage than will embargoes. One of Reagan's proposals is to sell such friendly countries as Pakistan more conventional arms, assuming this will give them less reason to build nucler weapons. Another proposal is to work behind the scenes for nonproliferation agreements with other governments. Critics say these policies will not deter any country from building nuclear weapons.

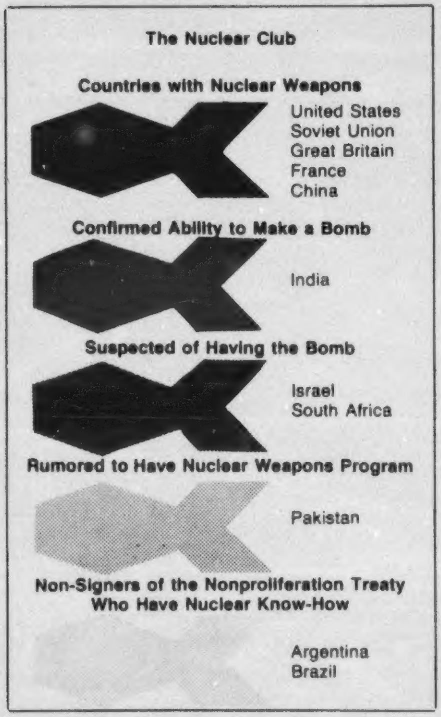
Consistency of Policy—Governments frequently have difficulty maintaining the same principles and standards in all cases. This was a problem for the Carter nonproliferation policy. In April 1979 we cut off foreign aid to Pakistan because we believed the Pakistanis were developing a nuclear bomb. But in January 1980 the Carter administration resumed aid as a response to the Soviet invasion of Afghanistan. Cases such as this demonstrate the need for consistency and the pressures for exceptions.

Going It Alone—The United States is not the only country capable of exporting nuclear equipment, technology, and materials. The Soviet Union, France, West Germany, and Japan are also leading exporters. None of these countries has been willing to control its exports as strictly as the United States has. France, for example, agreed to sell enriched uranium to fuel an American-built nuclear power plant in India. Although the United States originally agreed to supply fuel for the Indian plant, American legislation bars the sale of nuclear fuel to any country that refuses to accept full international safeguards. India claims it is using nuclear energy only for peaceful purposes; however, it exploded an atomic device in 1974.

President Carter believed the United States should set an example to the rest of the world by enforcing our tougher safeguards. But opponents of this concept, which include the Reagan administration and the nuclear industry, argue that strict American controls are ineffective since nations can find nuclear fuel and know-how elsewhere.

Is Substituting Conventional Arms Sales an Answer?—Another part of Reagan's "carrot" approach involves increasing the sale of conventional, or non-nuclear, arms. If nations seek nuclear weapons as security against potential attack, the president argues, then selling them sophisticated conventional arms will decrease their insecurity and thus reduce their desire for nuclear arms. Opponents argue that selling weapons to insecure countries only makes them more likely to declare war and in no way reduces their desire for the ultimate weapon, the nuclear bomb.

Reliability of International Safeguards—Ensuring the effectiveness of international safeguards is a difficult problem. On-site inspections help, but nuclear weapons development may be hidden from international inspectors. Even suspected development of an atomic weapon can create serious international problems. In June 1981 Israel bombed Iraq's French-built nuclear reactor. Although Iraq had agreed to international safeguards, the Israelis claimed (and many others agreed) that it was developing a bomb. Believing that international safeguards had failed in this case, Israel decided it had to take more drastic actions to protect its security.


The Nuclear Club
Countries with Nuclear Weapons
United States
Soviet Union
Great Britain
France
China
Confirmed Ability to Make a Bomb
India
Suspected of Having the Bomb
Israel
South Africa
Rumored to Have Nuclear Weapons Program
Pakistan
Non-Signers of the Nonproliferation Treaty Who Have Nuclear Know-How
Argentina
Brazil

Many experts believe that unless safeguards are strengthened, other nations will take similar actions. However, others believe no level of international safeguards can guarantee that nuclear reactors are not used to make nuclear bombs.

Nuclear Fuels Reprocessing Ban—Nuclear fuel used in power plants can be used again. Unfortunately, reprocessing yields plutonium, a key ingredient in making nuclear bombs. U.S. policy has been to prohibit our nuclear fuel customers from reprocessing spent fuel. However, in June 1982 the Reagan administration reversed that policy. The administration believes that to be "a predictable and reliable partner for peaceful nuclear cooperation" we must show that we trust our allies not to make bombs.

Critics of the new policy consider it a step toward nuclear proliferation. The administration argues that only Japan and the members of Euratom, the European nuclear consortium that includes the Common Market, possess the technology to reprocess plutonium, and that they are very trustworthy.

What If the Third World Gets the Bomb?—According to a nation by nation survey by U.S. military planners, thirty-one countries will be able to produce nuclear weapons by the year 2000. Many of these countries have been fighting with their neighbors for years or have had disputes with the superpowers. Some are led by highly unstable rulers who might be prone to use a nuclear weapon if they had one. If nuclear weapons were to become so widespread as this, the effect would be one of great destabilization.

First, the size of one's army or navy would be irrelevant. We would think twice before sending troops to Central America if Nicaragua had a nuclear bomb. Although our military is undoubtedly superior to theirs, we would not want to risk sacrificing a major U.S. city (or an ally's city) to make that point. Most likely the British would not have sent its navy to the Falklands if the Argentines had had a bomb capable of destroying the British fleet.

Conflict between two small, traditional enemies with nuclear weapons could easily escalate into a world-wide nuclear war. For example, an Arab nuclear threat against Israel would almost certainly turn into a global nuclear war.

There is also the remote fear that an unstable Third World leader might make a small nuclear bomb available to a terrorist group in order to blackmail a major power. Since it would be nearly impossible to retaliate against terrorists threatening you from within one of your own cities, there would be no way to deter such a nuclear blackmail attempt. The only hope would be to prevent such an organization from obtaining a weapon in the first place. It should be noted that the chance of a terrorist organization's obtaining nuclear fuel to make a bomb or bringing a nuclear bomb to the United States from a Third World nation is no greater than the chance of such an organization's stealing nuclear fuel from a Western nuclear plant. Tight security rules at nuclear plants make that possibility remote.

OUTLOOK

Nonproliferation, like apple pie and peace, is something everyone supports. The tough question is how to translate values and goals into policy. Unfortunately, since technology and materials for developing nuclear weapons are increasingly available, it is not clear that any policy can stop nuclear proliferation. In all probability nuclear weapons will continue to multiply, increasing the danger that someone will use them.

THE DEBATE

Nuclear Proliferation

Should We Use Embargoes to Prevent Nuclear Proliferation?

PRO	*CON*
● The most effective way to influence other nations is to make them understand that if they want the benefits of American technology and resources, they must not endanger world peace through nuclear proliferation. An embargo against offending countries makes clear where we stand and why.	● An embargo would only work if we were the sole supplier of nuclear technology or materials. Twenty-five years ago we might have had such a monopoly, but today France, West Germany, Japan, the Soviet Union, and other countries are both able and willing to export nuclear materials and technology. Going it alone only results in American firms' losing business and American workers' losing jobs.

Should We Sell Nations More Conventional Arms So They Will Not Try to Develop Nuclear Weapons?

PRO	*CON*
● The only way to solve a problem is to attack its root. The root of the proliferation problem is that insecure nations seek more security. If we sell them conventional arms, they will have less need to develop nuclear weapons.	● The theory that more conventional weapons offer security and prevent war is absurd. Nations fight wars with weapons, period. Supplying more weapons, especially in such volatile regions as the Middle East and Southwest Asia, will make war more likely. Besides, nations seek nuclear weapons for reasons of prestige, of being the strongest kid on the block. Selling conventional arms does not even get close to the root of the problem.

Should We Support Allies Who Refuse to Abide by Non-Proliferation Treaties?

PRO	*CON*
● Placing embargoes on our allies makes no sense. Cutting off military aid to Pakistan, for example, weakened Pakistan and risked more Soviet aggression. We must consider each case separately and decide what policy is most appropriate.	● President Carter's policy was inconsistent; Reagan's policy seems even more inconsistent. It totally misses the point that short-term considerations should never outweigh the long-term goal of controlling proliferation. We should deny support to all countries that refuse to abide by international non-proliferation treaties.

International Trade

Trade is essential to the American economy. One out of every eight manufacturing jobs is related to exports (U.S. products sold outside the country) in some way. As a result, any change in trade has a ripple effect throughout the economy. For example, when overseas orders for American grain are high, not only does the farmer benefit, but more jobs are created in various factories and service industries. Since farmers will plant more to meet the increased demand, they will want more tractors. Tractor factories will hire more workers to fill the orders. To build more tractors they will order more steel and rubber from other factories, which will then have to hire more workers to meet the new demand. Meanwhile, the railroad industry will expand to carry the grain to ports, buying new railroad cars from factories, which in turn will hire more workers. And in every city where there is an expanding factory, small businesses will open to serve the workers, hiring more people in the process, and new office buildings and homes will be constructed, again increasing employment. Economists estimate that for every $1 billion in exports (in 1982), 25,200 jobs are created.

From 1977 to 1980 the U.S. economy saw that kind of expansion on a broad scale. Increased exports accounted for 1.5 million new jobs, roughly a third of the overall increase in employment, raising trade-related employment to 6.2 million. But the ripple effect in the economy can work the other way, too. During the 1981-82 recession, unemployment increased from roughly 6 percent to nearly 11 percent. Since there were 1.3 million fewer trade-related jobs during that period, trade analysts suspect that the decline in trade accounted for 40 percent of the increase in unemployment.

Economists expect exports to increase in 1983, but there are several factors that might prevent this. Many countries are unwilling to import our products since they compete against their own domestically produced goods. This is particularly true when the economies of these countries are depressed. Many countries erect barriers to keep American products out. In addition, many countries take advantage of cheaper labor costs and government subsidies to sell their products in the United States and in the world market at prices below those of comparable American goods. Many American manufacturers would like subsidies and trade barriers at home so that they can compete better. However, this might start a trade war, stifling trade worldwide. Another factor that might prevent increases in our exports is a very expensive dollar, which has made normally competitive U.S. products more expensive than competing products. Also holding back exports is the reluctance of the Reagan administration to permit increased exports to the Soviet Union and its communist allies. U.S. businesses are also concerned about the loss of American technology to overseas competitors. Technology is considered our best hope for increased trade. However, competitors in other countries have been able to buy or steal sophisticated American technology and apply the technology to their products.

KEY QUESTIONS:

- Should the United States raise trade barriers to protect American jobs?
- Should the government do more to promote U.S. exports?
- Should the government try to stabilize the value of the dollar?
- How can we stop the loss of American high technology to foreign competitors?
- Should the United States limit trade with communist countries?

BACKGROUND: Trading with the World

Why Do Nations Trade?—When nations trade, their economies grow faster than they would if all goods and services were produced just for their own people. In the 19th century Great Britain was the world's most efficient producer of textiles. Portugal had a climate and fertile soil that made it ideal for producing fine wines. Either country could have provided its own citizens with either wine or textiles at a high cost. But by concentrating labor and resources on what they produced best, the two countries traded their products with each other and had all the wine and textiles they needed and money left over to make or purchase other goods.

Most countries have some *comparative advantage*—such as location, climate, skilled labor, capital, or technical superiority—that can make their products less costly than those sold in other countries. Such a comparative advantage does not necessitate the country's producing everything it can manufacture more efficiently than other nations. In theory, each country gains by making products it produces efficiently and trading these for products made efficiently or more efficiently elsewhere.

Protectionism—Free trade—trade without restrictions—does not exist in the worldwide marketplace. In fact, many countries are currently erecting trade barriers to protect their industries from imports and to retaliate against trading partners who have put up trade barriers of their own. Unless nations cooperate with each other and agree to lower trade barriers, the resulting trade war could plunge the world into an economic depression.

Many countries do not consider free trade to be in their best interest. As the word *protectionist* implies, trade barriers are intended to protect domestic industries and jobs from competitive foreign products. American auto workers, for example, want restrictions on Japanese car imports to help revive the depressed American auto industry. It is not clear, however, that trade restrictions produce more jobs. If Americans must buy expensive American cars instead of cheaper imports, they may choose to wait until they absolutely need one. Another reason for trade restrictions is to protect important strategic industries. Because countries cannot afford to rely on steel imports in wartime, for example, they must be able to produce their own.

There are numerous protectionist tactics. Tariffs are a tax on imports used to increase the price of imports above that of domestically produced goods. Non-tariff protectionist measures include forcing all imported goods to undergo costly quality or safety inspections before they can be sold or imposing a quota system, which limits the amount of imports of specific products.

Trade Wars and the Great Depression—A major cause of the Great Depression was the trade war of the 1930s. After passage of the Smoot-Hawley Tariff Act of 1930, tariffs were raised to 59 percent. In retaliation, other nations raised their tariffs on American goods, resulting in higher prices for almost everything bought and sold around the world. And because prices were high, consumers could not afford to buy. In 1932 total American imports of $1.3 billion were at their lowest level since 1909, and exports of $1.6 billion barely exceeded exports in 1905.

GATT and the Free Trade System—Since World War II international trade has been regulated by the General Agreement on Tariffs and Trade (GATT). Signed in 1947, GATT is an agreement to increase international trade by reducing tariffs and other barriers.

Since GATT was signed, other efforts have been made to reduce tariffs and other barriers, the most recent of which was the Tokyo Round. In 1973 representatives of more than 100 nations met in Tokyo, Japan. Six years later a final multilateral trade agreement was signed in Geneva. This is now referred to as the Geneva Agreement. In Geneva the United States agreed to completely eliminate tariffs on some goods that we produce efficiently, such as cars and aircraft, and to reduce tariffs on other goods, such as shoes. We said we would lower those tariffs gradually to lessen the impact on competing American industries.

The Geneva Agreement limits the use of unfair quality standards for imports and of government subsidies for domestic industries. It also discourages governments from buying exclusively from domestic companies. And the pact permits a government to impose a special tariff, called a *countervailing duty*, on an import if it can be determined that government subsidies kept the import's price below competitive prices.

The Postwar Era: American Trade Leadership—America's leadership during the post war years played a major role in the worldwide expansion of trade and in the recovery of the European and Japanese economies. The United States gave Japan and the Western European nations technical assistance and large loans to replace factories destroyed in the war. Rebuilding Europe and Japan was essential for the health of our economy. If their factories had not been rebuilt, their economies would not have generated the money to buy American exports. That assistance, however, also gave those countries an advantage over us, because their factories were newer and more efficient than ours.

The United States also aided Western European growth by fostering the creation of the European Economic Community (EEC), known more widely as the Common Market. The Common Market nations abolished all import restrictions between member states and established some common terms for marketing their products outside of Europe. To foster the stability and growth of Japan, the United States reduced tariffs and so encouraged entry of Japanese goods into the U.S. market. Soon the United States had become Japan's largest customer.

U.S. companies themselves led international expansion by marketing their goods and opening factories overseas, especially in Latin America and parts of Europe and the Middle East. Companies like IBM, major oil refineries, and auto manufacturers transformed themselves into *multi-national corporations*. By opening factories overseas, multi-national corporations took advantage of lower labor costs in these countries and, by giving their citizens much needed jobs and increasing their standard of living, created new markets for American consumer goods.

The Bretton Woods System (1944-1971)—The post war international monetary system was established in 1944 at a conference of fourty-four nations in Bretton Woods, New Hampshire. The conference formed the International Monetary Fund (IMF) to foster a stable monetary system. Nations contribute to the IMF and may borrow money from the fund to overcome temporary exchange deficits.

In 1944 the IMF fixed exchange rates of all currencies against the dollar and fixed the dollar to gold at a value of $35 an ounce. At first the Bretton Woods System worked well, but since more dollars left the country than returned from abroad, the system was thrown out of equilibrium. At $35 an ounce gold was a steal, so many nations redeemed their dollars for gold, shrinking the U.S. gold reserve. If all holders of American dollars had demanded that we trade gold for their surplus dollars, the United States would have gone broke.

The Decline of the Dollar—As the basic currency of exchange worldwide, the dollar was greatly overvalued by 1971. The overvalued dollar meant American products were more expensive abroad and therefore less attractive to overseas consumers. In 1971 imports exceeded exports, reflecting the first American trade deficit since 1893. The standard way to correct a trade deficit is to devalue one's currency. But because of the international role of the dollar, any devaluation would have upset the world monetary system.

The United States Devalues the Dollar (1971)—In order to protect the dollar, President Richard Nixon suspended the convertibility of U.S. dollars into gold on August 15, 1971. Nixon also announced a temporary 10 percent surcharge on all imports, pressured West Germany and Japan to raise the value of their undervalued currencies to eliminate their unfair trade advantage, and devalued the dollar by raising the price of gold to $38 an ounce. The move was not enough. In 1973 Nixon again raised the price of gold to $42.22 an ounce and convinced some nations with undervalued currencies to increase their value 10 percent. The United States still does not convert dollars into gold.

International Trade Today—In recent years American companies have had greater difficulty competing with foreign industry. One reason for this is that U.S. productivity has been stagnant, while European and Japanese productivity have steadily increased. Higher productivity means other countries can manufacture their products at a lower cost and sell them at a cheaper price.

Imports also have a monetary advantage over U.S. exports. Because interest rates have remained high, the dollar has been overly strong, making foreign products less expensive in the United States and American products more expensive overseas. Economists estimate that the dollar is overvalued by as much as 15 or 20 percent against other major currencies. Nevertheless, in 1982 our trade deficit declined to its lowest point in six years. The decline in the trade deficit, however, reflected a decrease in the price of oil imports and the worldwide oil glut rather than an increase in American productivity or exports. Exports, in fact, continued to decline.

CURRENT ISSUES

Protection for the Auto Industry—Many sectors of the economy are experiencing stiff competition from imported goods, particularly the auto industry. As a result, many American industries and labor unions are pressuring Congress and the executive branch to raise tariffs or nontariff trade restrictions to protect American industry from cheap imports. Sales of American-made cars in the United States are at their lowest level since the 1950s. Much of that loss is due to cheaper, and some say better made, imports from foreign car manufacturers. Imports accounted for 27.9 percent of all cars sold in the United States in 1982. According to the United Auto Workers, imports could account for 35 to 40 percent of the U.S. automobile market by the end of the decade if the trend continues. Union officials say that such a trend would have a disastrous effect on jobs. Already, some three hundred thousand UAW members are out of work. In 1982 auto workers strongly favored a bill that would have required foreign auto manufacturers to use a high percentage of U.S. labor and parts in cars they sell in this country. Critics of the bill, which passed only in the House of Representatives, said it would violate GATT.

Advocates of free trade argue against restricting Japanese auto imports. American consumers, they say, should have the option of choosing between American and Japanese cars without artificial price distortions. The recent increase in sales of auto imports suggests that the Japanese are building cars that Americans want, at a competitive price. American car makers should respond to that by making a more competitive car, not by pushing for import quotas, the free traders argue.

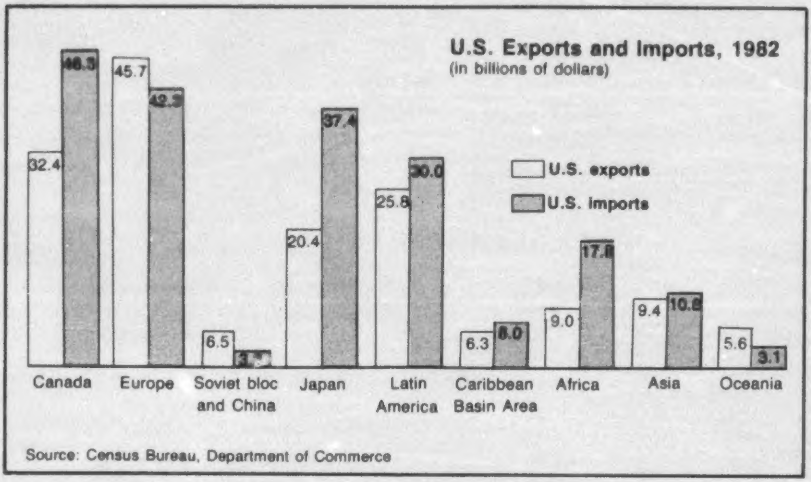
Do the Japanese Trade Fairly?—Advocates of tariffs or quotas on Japanese autos (and other products) note that the Japanese have imposed many trade barriers to prevent foreign products from penetrating the Japanese market. The Japanese market is virtually closed to U.S. aluminum and paper products, and to American insurance and service industries. In addition, the Japanese maintain high tariffs on products that the United States produces better or more cheaply: for example, beef, citrus fruits, tobacco products, and leather. American manufactuers also complain that Japanese businesses are culturally pressured not to buy imported products, even if they are cheaper than products made in Japan. U.S. Trade Representative William Brock has lobbied the Japanese hard to lower their barriers. If they refused to lower trade barriers or restrict auto exports, he told them, Congress might raise American trade barriers against Japanese products. To stem the protectionist mood in the United States, the Japanese lifted sixty-seven nontariff barriers to U.S. imports in 1982 and agreed to limit exports of some products to the United States.

Some trade analysts believe the nearly $20 billion U.S. trade deficit with Japan would be much smaller were the exchange rate of the Japanese yen not undervalued. Although the Japanese have consistently maintained a trade surplus, the value of the yen has declined since 1978 from 190 to 240 yen to the dollar. As a result, U.S. products in Japan are far more expensive and Japanese products in the United States are far cheaper than in 1978. A few economists have suggested that Japan maintains an undervalued currency by buying yen and selling surplus dollars. The Japanese, however, argue that high U.S. interest rates have increased the value of the dollar and decreased the value of the yen.

Loss of High Technology—High technology may be America's hope for maintaining a competitive advantage in international trade. American corporations are investing billions of dollars in the research and development of silicon chips and software for computers and such other devices as industrial robots and word processors. However, the United States is losing that technological edge through legitimate sales, espionage, and American greed. Much of the technology has left the country legally. For example, the Defense Department permitted Mitsubishi Heavy Industries of Japan to buy some of the secrets for making the F-15 fighter plane so it could build the fighter for the Japanese Air Force rather than buy entire planes or parts from U.S. companies. The Japanese are using that technology to produce new commercial jets that will soon compete with American aircraft. Critics of such technology sales say the government is giving away our competitive future.

Foreign competitors, such as France, Israel, the Soviet Union, China, and Japan, have tried to use less than legal means for getting the technology. One way is to simply buy the goods and take the information that is apparent. Merely by buying the chips and photographing them, or buying a computer and electronically recording its software, foreign computer companies have been able to cheaply reproduce the technology that American companies spent so much money to develop. As a result, they can build comparable computers and sell them at much lower prices. Espionage is also common. In 1982 FBI agents posing as computer consultants arrested Japanese businessmen for conspiring to send computer secrets stolen from International Business Machines Corporation (IBM) to Japan. In all, twenty-two people were charged, including employees of Hitachi and Mitsubishi, two of Japan's largest industrial firms. The Soviets have also worked to get American technology, in their case by exploiting American greed to get information. They will pay American or Western businesses to send computers or computer parts to phony companies in pro-American governments, which then forward the hardware and software to the Soviet Union.

Because much of this technology can be applied to weaponry, the government has for the first time begun to stop the unauthorized export of technology. Customs officials are making random checks of shipments and are seizing those without export licenses. The Department of Commerce has established enforcement units in several cities to investigate illicit shipments of high technology abroad. One problem is that the government does not have the personnel to look at every box on every ship and airplane leaving the country. International



U.S. Exports and Imports, 1982
(in billions of dollars)

Source: Census Bureau, Department of Commerce

agreements could help stem some of the flow; however, since most countries believe they need the information, it is unlikely that such agreements would help.

The Export-Import Bank—Other countries do much more than the United States to help their industries export goods. Much of that assistance comes from export-import banks, which offer loans at low rates for the purchase of their countries' exports. The United States also has an export-import bank, but labor unions and large exporters complain that our Ex-Im (as it is known) does not offer competitive subsidies. They would like to see more money spent on the bank.

For three consecutive years the Reagan administration has slated the Ex-Im bank for budget cuts. The president's 1984 proposed budget reduces the Ex-Im budget from $4.4 billion to $3.8 billion. The president argues that government should not be subsidizing large corporations. Many liberal and conservative groups support the president. But in the past industrial and labor organizations have persuaded Congress that the loans are essential for the export of large and expensive goods, such as airliners.

Stabilizing the Dollar—From 1982 through the early part of 1983 the dollar was very strong because high interest rates, which are partly caused by the large budget deficit, encouraged overseas investors to buy American dollars and invest them in high interest American money markets. The strong dollar has made American products expensive in other countries and imports cheaper here. Although Americans traveling abroad have benefited, the stronger dollar has hurt our exports. The strong dollar has also hurt our allies, who must use dollars to purchase oil. The strong dollar has caused great problems for France, which was forced to devalue its currency against the dollar to the lowest level since World War II.

At the 1983 Williamsburg economic summit meeting of the major industrial powers (see chapter about Western Europe), France urged the United States to reduce its budget deficit in order to lower interest rates. The United States

The above bas relief, which is on the Federal Trade Commission building in Washington, D.C., shows a major reason for international trade: comparative advantage. The merchant is shown buying an ivory tusk from an African. Ivory is something that cannot be easily or cheaply produced in the United States, so we import it. The African who has sold the ivory may choose to use his profits to buy an American product that is not made in his country. (Photo by Sue Teeter.)

and the other nations agreed that each would reduce its budget deficit "in particular by limiting the growth of expenditures" and gave the French a minor victory by promising to hold an international conference to reform the monetary system "in due course."

The French hope a conference on monetary reform will return the world to the Bretton Woods era of fixed exchange rates. Advocates of fixed or stiffer exchange rates say they would make long-term plans for international trade and investment possible. The Reagan administration, however, believes that once the world economy begins its recovery, exchange rates will stabilize. Some American business leaders believe some intervention or monetary reform may be appropriate, especially since the strong dollar makes it more difficult for American products to be sold abroad. They suggest that if the dollar or another central currency becomes overvalued or undervalued by 20 percent or more, the government should be forced to intervene in the financial markets in order to moderate the value of the currency.

East-West Trade—The Reagan administration has tried to maintain very stiff standards for what can be traded to the Soviet Union and its Eastern European allies. The administration believes that too much trade with the Soviets could make the United States or its allies vulnerable to Soviet economic threats. The administration also wants to prevent high technology that might have military applications from reaching Soviet technicians.

American business and labor leaders argue that restricting trade with the U.S.S.R. has hurt the United States more than the Soviet Union. Although restrictions on the sale of computers and other sensitive technological equipment make sense, the Defense Department also restricts the sale of pocket calculators and digital thermometers, which the Soviets can easily buy from the Europeans.

Business leaders also note that successive trade embargoes imposed on the Soviets for political reasons, such as President Carter's grain embargo in response to the invasion of Afghanistan and President Reagan's ban on the sale of U.S. products needed to build a gas pipeline from Siberia to Western Europe, failed to change Soviet policy. Instead, these bans handed Soviet business to competitors. For example, the Soviets began to buy grain from Argentina after our grain embargo, and the 1982 pipeline embargo resulted in the Caterpillar Tractor Company's losing a $90 million contract to a Japanese competitor.

OUTLOOK

In order for U.S. exports to increase over the long run, something ironic must happen: Imports must increase. Our major trading partners, particularly the Third World, will not buy our products unless we give them money by buying their exports. Generally, there is hope that this will happen. But increased trade will not benefit every sector of our economy.

DEBATE

International Trade

Should We Raise Trade Barriers to Protect American Jobs?

PRO	*CON*
● Americans are losing jobs because foreign governments are subsidizing their countries' exports or erecting trade barriers to keep American products out. Quotas, tariffs, and other trade barriers are the only way we can equalize the competition.	● Why should American consumers pay higher prices to subsidize inefficient American industries? Our concept of free enterprise holds that if a businessman or woman cannot compete in one industry, he or she should quit and start a different business in which he or she can compete. We should either go head to head with the Japanese and the Europeans or get out of the business altogether.

Should We Subsidize Our Exports?

PRO	*CON*
● We will never be able to sell our products overseas, especially expensive items like airplanes, unless we subsidize the financing of those purchases. The cost to the treasury would be relatively small, and the economic growth the exports would foster would be substantial.	● If we were to increase export subsidies, we would start a financial war with every industrial competitor. Besides, why should the American taxpayer subsidize large corporations. They should be able to compete for themselves.

Should We Intervene in Currency Markets to Stabilize the Dollar?

PRO	*CON*
● The dollar is too strong. Our exports are not selling well, and the expensive dollar is undermining the stability of our allies. Continued economic decline in France, Italy, and Canada jeopardizes the Atlantic Alliance. Intervention in the currency market was our norm until 1981; we should return to that policy.	● Intervention by central banks does not work. Other central banks have tried massive support efforts to stabilize the dollar without any sure sign of success. It is better to let the market work than to risk taxpayers' money in an operation that's likely to be unsuccessful.

Should We Trade with the Communists?

PRO	*CON*
● Eastern Europe and the Soviet Union offer a tremendous potential market for American and Western goods. We can sell them wheat, automobiles, and many consumer goods that are not selling well here. They can be a very stable source of raw materials for us. Furthermore, trade with the Soviets promotes peace by making us interdependent on one another.	● Trading with the Soviets is a dangerous game. Our economy could become so dependent on trade with the Soviets that we might suffer if we cut off trade to protest Soviet military intervention somewhere. In addition, the valuable technology we and our allies are selling the Soviets could be used for Soviet military purposes. American soldiers might someday die because we gave the Soviets access to computer technology.

World Poverty and U.S. Foreign Aid

To most of the world the major issue of the day is not the threat of nuclear war. More important to them is that people in the North—the northern hemisphere countries in Europe, North America, and also Japan—have become rich and fat while those in the South—in Africa, Asia, and Latin America—live in poverty and die from hunger. In villages and cities in Africa and Asia, more than one billion people are starving. In Northern developed countries the per capita gross national product is ten times that of developing countries in the South. Life expectancy is sixteen years longer, literacy twice as high, and money spent for education and health ten to twenty times higher.

These differences have bred resentment in developing countries against the United States and Europe. Asians, Africans, and Latin Americans remember how European colonialists divided their land and exploited their resources. They also see that American and European corporations continue to control the mineral reserves and agricultural products of the South, while most people in the South remain poor.

Foreign aid has been widely offered by the United States and other Western governments in the form of food, technology, loans, grants, and other types of direct economic assistance. Other aid has been given indirectly through international organizations. But this help has not bridged the gap between rich and poor. Third World countries argue that a new international economic order must be created, one that would transfer trillions of dollars from the Northern industrial states to Southern developing countries. One issue of particular concern to Third World countries is the recently negotiated International Law of the Sea, which would give them mineral rights to much of the ocean floor. They also want continued foreign aid from the United States and its allies, transfer of advanced technology, and a greater say in how foreign aid monies can be spent.

Defenders of America's role in the economy of developing nations argue that the presence of American corporations helps poor countries more than it hurts them. Although advocates of foreign aid charge that not enough assistance has been given, there is strong pressure in Washington to reduce foreign aid. Some foreign aid critics question spending money to feed Cambodian refugees when many American children go hungry. Others complain that contributions to international agencies wind up helping enemies of the United States.

KEY QUESTIONS:

- Should the wealth of industrialized countries be shared with the Third World?
- Should foreign aid be principally bilateral (given directly

from us to another government) or multilateral (given indirectly through international organizations)?

- Should we give aid based on need or international politics?
- Should we sign the International Law of the Sea Treaty?

BACKGROUND:

The Terms of Poverty—The poor countries of the world are referred to in many different ways. All of Africa, Asia, and Latin America (with the exception of the Republic of South Africa, Israel, and Japan) used to be called the "Third World." Now another distinction is often made for the "Fourth World," which refers to the poorest of the poor countries, such as Bangladesh, Nepal, Haiti, Ethiopia, Somalia, and Burundi. The equator is also used to distinguish between the rich countries of "the North" and the poor countries of "the South." A third distinction is between "developed nations" and "less-developed countries (LDCs)," also called "developing nations."

The Pattern of Poverty—The vast majority of countries in the world lack anything resembling the standard of living we enjoy. Most roads are unpaved. Villages often have no plumbing or electricity. Farming is still done with the most basic tools and techniques, and there is little industry. Because health standards are very low, life expectancy is short, disease is rampant, and infant mortality is high. Often more than 75 percent of the population is illiterate. Land and income generally are distributed very unequally; average incomes are often less than $300 per year, although a small percentage of the people do enjoy considerable wealth. Some progress has been made, but for the most part poverty continues to prevail in the developing countries.

World Hunger—The poor are also hungry. Despite advances in agricultural technology and thirty-five years of aid programs, there are more starving and malnourished people in the world today than ever before. Currently more than four hundred million children in the world are starving to death. In the 1950s one out of every fifteen people in the world suffered from malnutrition (a lack of proper nutrients as opposed to calories); today the ratio is one out of ten. To a large extent this reflects a continuing growth of the world population. Population planning, increased food production, and less governmental interference in assistance programs have been suggested as ways to combat world hunger. But science and governments have been unable to find anything more than stopgap measures.

There are especially severe food shortages in eighteen African countries that are suffering from the worst drought and famine in more than a decade. The drought is now in its second year. Between two hundred thousand and three hundred thousand people died in a similar drought that affected six countries in the early 1970s. The areas most severely affected now include Ethiopia, the Central African Republic, Chad, Tanzania, Mozambique, Botswana, Lesotho, and Swaziland.

North-South Trade—In the basic pattern of world trade, the South exports raw materials and food to the North, which in turn exports manufactured products and technology to the South. The "terms of trade" in such a pattern favor the North. With the notable exception of oil, the prices of raw materials and food increase more slowly than do those of manufactured products and technology. When the price of oil was rising, it compounded the problems of poor countries that had to import it and caused them to amass huge debts. Now that oil prices are dropping, such poor oil exporting countries as Mexico and Nigeria have suffered from a severe shortage of cash and are falling deep into debt. The problems of Third World nations, and what they see as the unfairness of world trade, have led them to call for "a new international economic order." The Northern countries have made some concessions but still consider most of the demands unreasonable and unjustified.

U.S. **Bilateral Economic Aid**—The United States began its policy of granting economic aid to the poorer nations of the world when Harry Truman was president. Such aid is called *bilateral* aid because it goes directly to another government. Distinguished from military aid both in form and purpose, it is granted for such projects as roads, power plants, schools, hospitals, and agricultural development. Nevertheless, bilateral economic aid is often given for political reasons: to help loyal governments maintain stability.

The Food for Peace program provides American grain to countries unable to feed their own people. A special program offers aid to countries with large numbers of refugees left homeless by famine, natural disaster, or civil war. Another source of foreign aid is the Agency for International Development, which gives nations money for schools, roads, public buildings, and other infrastructure projects. Countries suffering from large balance of payments problems can receive money from the Economic Support Fund. Israel and Egypt are the largest recipients of this form of aid. In addition, the Peace Corps, founded in 1961 by President Kennedy, provides volunteers to work in poor countries as teachers, engineers, builders, etc.

Multilateral Aid—Multilateral aid is given by international organizations rather than by individual countries. These organizations are called multilateral because many ("multi") nations belong to them. The two largest multilateral aid sources are the World Bank and the United Nations Development Program. Both claim to grant aid based more on need than on politics. Although the United States contributes the most money to these organizations, many other nations also make contributions.

CURRENT ISSUES

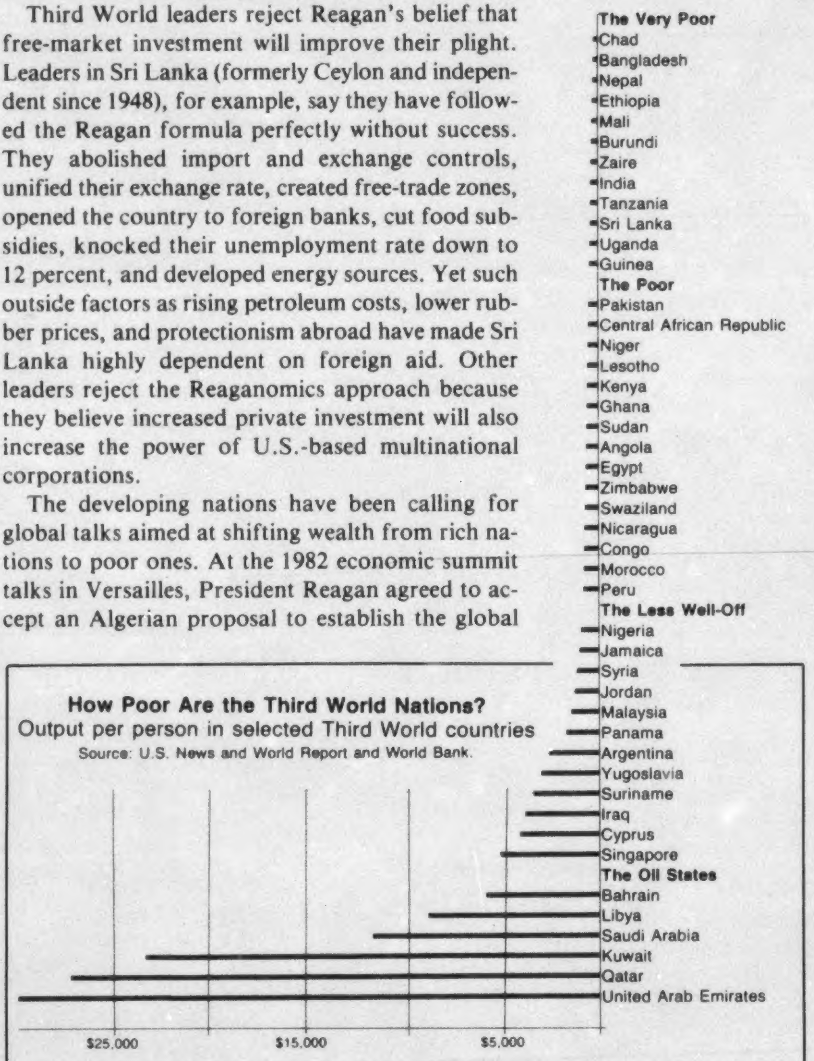
Foreign Aid vs. The Balanced Budget—The United States has been criticized by many of the poorer nations for not giving enough economic aid. In real terms we now give less than half the aid we gave in 1955. Economic aid for FY 1982 totaled 0.26 percent of our gross national product, far below the 0.7 percent standard established by the United Nations. The Reagan administration has warned Third World leaders that American economic foreign aid will probably not increase, although Reagan has proposed major increases for military assistance programs. The administration argues that it does not plan to ignore poverty in the Third World but that the United States must cope with its own economic problems first. Therefore, the administration will only give aid to those nations most in need and to our most important allies.

Reaganomics and Foreign Aid—At a 1981 summit meeting of several Western and Third World leaders in Cancun, Mexico, President Reagan said that Third World interests could be better served by more open trade and increased private investment than by more aid. The president offered to encourage American private investment in Third World nations and to provide such technical assistance as agricultural advisors. He defended his program by telling a story about a man who learned to fish instead of accepting fish from others. Nigerian leader Alhaji Shehu Shagari noted, however, that the man had to have hooks and nets before he could apply his fishing expertise.

Third World leaders reject Reagan's belief that free-market investment will improve their plight. Leaders in Sri Lanka (formerly Ceylon and independent since 1948), for example, say they have followed the Reagan formula perfectly without success. They abolished import and exchange controls, unified their exchange rate, created free-trade zones, opened the country to foreign banks, cut food subsidies, knocked their unemployment rate down to 12 percent, and developed energy sources. Yet such outside factors as rising petroleum costs, lower rubber prices, and protectionism abroad have made Sri Lanka highly dependent on foreign aid. Other leaders reject the Reaganomics approach because they believe increased private investment will also increase the power of U.S.-based multinational corporations.

The developing nations have been calling for global talks aimed at shifting wealth from rich nations to poor ones. At the 1982 economic summit talks in Versailles, President Reagan agreed to accept an Algerian proposal to establish the global

How Poor Are the Third World Nations?
Output per person in selected Third World countries
Source: U.S. News and World Report and World Bank.



Note: Output per person in the United States is $11,350. All figures are preliminary estimates for 1980.

talks. But as of 1983, these talks have not yet been arranged. The United States had originally opposed the Algerian proposal, which was supported by seventy-seven other nations. The United States had argued that the talks might threaten the independence of the International Monetary Fund, the World Bank, and the General Agreement on Tariffs and Trade, institutions that are essentially controlled by industrialized nations. In accepting the idea of global talks, Reagan made it clear that the United States would not agree to any of the more radical proposals for transferring wealth.

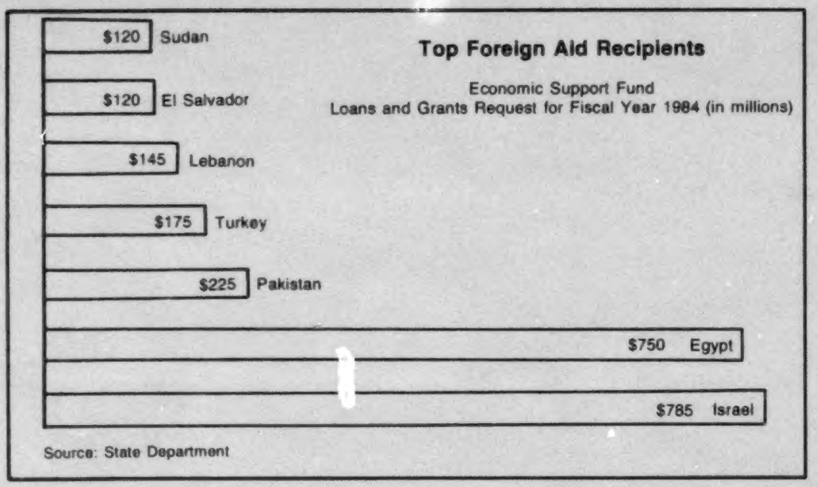
Law of the Sea Treaty—A major controversy between Northern and Southern nations is how to share the revenues from undersea mining. After eight years of negotiations, the United Nations finally adopted a sweeping treaty defining the law of the sea. Included in the treaty is a highly controversial section declaring that undersea mineral resources are the "common heritage of mankind." This section, long sought by developing countries, would establish a UN organization called the International Seabed Authority, which would control mining licenses, and a mining company called Enterprise. Industrialized nations would be forced to sell Enterprise the technology necessary to mine minerals from deep ocean beds. Private companies conducting mining operations would have to pay fees of up to a million dollars a year and would also have to pay up to 70 percent in taxes to the United Nations. The tax revenue would be distributed to underdeveloped nations and possibly to such radical organizations as the Palestine Liberation Organization.

Only one country has flatly refused to sign the treaty: the United States. Since U.S. companies had pioneered the needed mining technology, the Reagan administration's vote against the agreement at the United Nations left ultimate control over sea bed minerals in doubt. The United States argued that the treaty would not protect the American firms that had pioneered the mining technology. The administration also objected to the proposed distribution of benefits among national liberation movements, the mandatory transfer of mining technology, the power developing nations would have in the deep-sea authority, and a provision that would open the treaty to amendment after twenty years. The administration believes the last provision to be illegal under the United States Constitution.

Advocates of the treaty argue that the United States will still have mining rights along the 200-mile "economic zone" on the continental shelf and that if the United States does not ratify the treaty, companies that pioneered deep-sea mining could lose rights to their mining sites. Advocates also maintain that under the treaty the United States will still get a handsome return.

Criterion for Aid: Need or Politics?—To whom should our aid go? Some say it should go to those most in need. Others argue that aid should go only to those countries most important to us politically and militarily. The reality has been closer to the latter argument. For example, during the Cold War we concentrated our aid on the poor countries whose political support we most wanted. In the early 1960s, under the Alliance for Progress program, foreign aid played a major part in our anti-communist policy in Latin America. And during the Vietnam War, we diverted substantial food aid to South Vietnam.

The Carter administration pledged to take politics out of foreign aid and to



Source: State Department

stress "basic human needs." In practice, however, politics still plays a major role. Under the Reagan administration's proposed budget, Egypt, an ally, could receive $250 million in food aid, while the very poor country of Bangladesh would receive only $60 million. The Reagan administration has pledged to help the needy but has also left no doubt that politics will guide its foreign aid policy.

If Politics, Then Anti-Communism or Human Rights?—Carter's stated policy was to cut aid to human rights offenders, although his actions were far from consistent. Reagan's policy places much less emphasis on human rights than on anti-communism. The administration has offered economic and military assistance to regimes facing internal threats from communist-inspired guerrillas or external threats from the Soviet Union and its allies. The administration believes that alleviating economic problems improves the chances of thwarting communist gains in the area. Critics argue that need, not politics, should be the key factor and that respect for human rights should take precedence over fear of communism in deciding which countries will receive aid.

Bilateral or Multilateral?—Only 35 percent of the foreign aid budget (excluding military aid) goes to international organizations and development banks. The administration prefers bilateral assistance because it can more easily manipulate such aid for political purposes and because it can more tightly control who gets American dollars. Advocates of multilateral aid claim American dollars can be better allocated by organizations whose sole purpose is to assist developing countries. Opponents disagree as to whether the primary purpose of foreign aid should be to promote development or to influence recipient governments.

OUTLOOK

Ronald Reagan believes the best way to help poor nations is to open the doors to Northern business interests. Most Third World leaders question his claim. After all, British, French, Dutch, and Portugese colonial interests exploited Third World resources at the expense of the local inhabitants. In their eyes, American big business won't be any more helpful. The Third World proposal to transfer the wealth and technology of the North to the South probably won't work either. The industrialized world is unlikely to give away its profits and know-how for little return.

THE DEBATE

World Poverty and Foreign Aid

Should the United States Reduce Foreign Aid?

PRO	*CON*
● We simply cannot afford major increases in foreign aid. At this time our government must reduce its spending so we can revitalize our economy. Many foreign aid programs are inefficient and produce only marginal benefits.	● Those who consider foreign aid a giveaway are wrong. Many aid programs are tied to long-term contracts for American business and agriculture—contracts that benefit our economy. Besides, the money spent on foreign aid pales in comparison with the increases in military spending.

Should Politics Determine Who Gets Aid?

PRO	*CON*
● Foreign aid is a legitimate tool of foreign policy. We should not aid governments unfriendly to the United States. In particular, we should stop allowing multilateral institutions to use American dollars for projects in communist countries. We should help the poor of the world, but first priority should go to poor nations friendly to the United States.	● Human needs, not politics, should be the basis for giving aid. It is criminal that economic aid should be considered part of our military strategy. To the extent that political criteria are used, we should favor democratic governments that respect the human rights of their citizens. Too much aid goes to dictators who never use it for the people.

Should We Encourage Investment by American Businesses Rather Than Give Foreign Aid Grants?

PRO	*CON*
● The best road for poor countries to follow is the one we follow and every other nation with a successful economy has followed: capitalism. The economic prosperity of Taiwan, South Korea, Malaysia, and Hong Kong shows that countries that allow their private sectors to flourish do better than those that rely on the government.	● For centuries Africa, Asia, and Latin America have been exploited by foreign corporations that drain the mines and oil wells and pay workers and farmers menial wages while making huge profits for themselves. It is time we decreased the capacity of private corporations to exploit the poor.

Should We Sign the Law of the Sea Treaty?

PRO	*CON*
● The wealth of the seas belongs to all of humanity. It would be an excellent source of revenue to finance economic development in Third World nations. If those nations' economies get stronger, they will expand their market for U.S. exports. Those revenues would also lessen the nations' need for direct foreign aid.	● The traditional concept of property is that the unknown and undiscovered should become the property of those with the wit and courage to find and develop them. American mining companies have invested a great deal in undersea mining. They have a right to profit from their ventures.

Western Europe

After World War II most of Europe was physically devastated, its economies in ruin. Besides humanitarian concerns, America had a stake in a strong Europe: Its economic strength would prevent a rebirth of fascism or a communist insurgence, and its military strength would keep the Soviets from our doorstep. America helped rebuild Europe, and as Europe was rebuilt, a strong alliance based on shared economic and security interests was forged. Although many factors have tested that alliance from time to time, it has held together for more than thirty-five years.

Today, however, conflicting interests and conflicting ideas about how to achieve shared interests are straining these relations. A U.S. plan to base new theater nuclear weapons in Western Europe has triggered massive protests throughout Europe. The Reagan administration has persistently tried to convince Western Europe to curb trade with the Soviet Union and its Eastern European allies. And American economic policies have been condemned by European leaders because the resulting high interest rates and strong dollar have hurt the economies of Europe.

Many American journalists and foreign affairs experts have interpreted these differences as signs that the U.S.-Western Europe alliance is disintegrating. Although this is not the first time such predictions have been made, they do suggest that America should look closely at its relations with its European allies.

KEY QUESTIONS:

- Should the United States deploy new theater nuclear weapons in Europe?
- Does trade between Western Europe and the Soviet bloc nations threaten the NATO alliance?
- Is it possible for the United States and Western Europe to forge a common foreign policy toward the Third World and the Middle East?

BACKGROUND: The Basis of Alliance

NATO—The bedrock of the Western Alliance is the North Atlantic Treaty Organization (NATO), which is primarily a military alliance. NATO was established in 1949 as a joint effort to limit the expansion of the Soviet Union. All member countries contribute to the NATO budget and provide troops for the NATO forces. But the United States has always provided most of the money and soldiers, and the commander of the NATO forces has always been American. In 1982 Spain became the sixteenth member of NATO, joining the United States, Belgium, Canada, Denmark, France, Iceland, Italy, Luxembourg, the Netherlands, Norway, Portugal, the United Kingdom, Greece, Turkey, and West Germany.

Post-War Reconstruction—The first task after World War II was to rebuild Western Europe. Because the war had been fought on European soil, European economies were in ruins. The Marshall Plan (1947-1953) sent billions of dollars in American aid, investment, and trade to Europe. In addition, the General Agreements on Tariffs and Trade (GATT), signed in 1947, established rules for expanding foreign trade and investment. It was believed that high tariffs—taxes on imports that inhibit trade—were partly responsible for the worldwide depression of the 1930s. By keeping tariffs low and foreign trade high, GATT was intended to promote prosperity in all member countries. (See chapter about international trade.)

The Common Market—In 1957 the nations of Western Europe formed the European Economic Community (EEC), also known as the Common Market, in order to integrate their economies. In economic terms the ten members of the EEC operate almost as though they were one country. Goods and services travel between the countries with little or no tariffs paid, and member countries try to plan their economies to complement each other. Although disputes often arise concerning joint economic policy, many say the Common Market has done more to ensure peace among the ten countries than has any other peace treaty or security pact. The ten members are Belgium, Denmark, France, West Germany, Greece, Ireland, Italy, Luxembourg, the Netherlands, and the United Kingdom.

Detente—In the early 1970s Western Europe and the United States entered into "detente" with the Soviet Union and its Eastern European allies. Detente (a French word meaning relaxation of tensions) reflected the belief that minimizing conflict and maximizing cooperation would benefit all countries involved. As a result of detente, trade between communist and non-communist countries increased. Today trade between Western Europe and the Soviets and their allies represents 60 percent of the industrialized world's East-West commerce.

In recent years the United States has not been encouraging European nations to pursue detente. In 1982 President Reagan fought a divisive battle with the Europeans to prevent construction of a natural gas pipeline from the Soviet Union to Europe. When persuasion failed, the president refused to allow American firms to sell the Soviets or the Europeans the equipment needed for the pipeline. The American attitude angered Europeans, who discount Reagan's claim that purchasing gas from the Soviet Union would leave them open to economic blackmail.

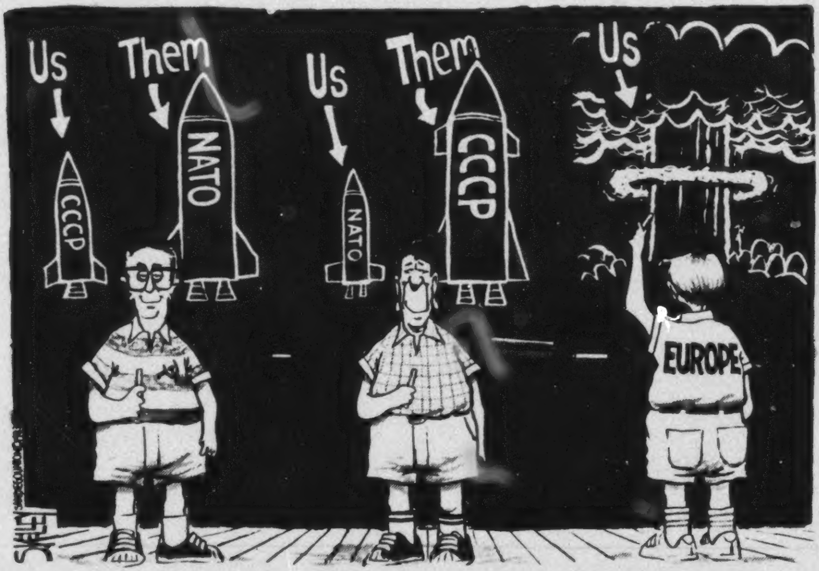
Economic Partners Facing Crisis—During the 1950s and 1960s the Western allies prospered. We dominated the world economy and saw our standard of living rise almost continuously. But all this changed in 1973, when the Arab oil embargo and the first OPEC price increases shocked economies around the world. Because of their high dependence on foreign oil, Western European economies were particularly hurt by the fourfold increase in oil prices. Other factors, such as trade competition from such industrial "newcomers" as Brazil, Hong Kong, Taiwan, and Malaysia, also contributed to a decade of high inflation and repeated recessions.

In an effort to forge a common response to the crisis, annual economic summits were initiated in 1974. In these meetings the leaders of the United States, Canada, Great Britain, West Germany, France, Italy, and Japan meet to discuss economic problems and to coordinate their economic and energy policies. The summits have produced mixed results. Few problems have been solved, and there has been much disagreement. But a spirit of cooperation has prevailed, and leaders have agreed on joint approaches to problems.

CURRENT ISSUES

Nuclear Weapons in Europe—Part of NATO's military strategy for preventing a war in Europe involves the presence of *theater* nuclear weapons to deter a massive Soviet invasion. But the Reagan administration's plans to modernize NATO's arsenal of theater nuclear weapons—medium- and short-range missiles, land mines, and artillery shells—have received strong protests from Europeans. Europeans argue that a "limited nuclear war" fought in Europe would kill millions of European civilians. The European peace movement has already secured cancellation of European deployment of the neutron bomb, a controversial radiation weapon that kills people but leaves buildings standing.

To pacify the demonstrators President Reagan proposed cancelling deployment of a new generation of theater nuclear weapons if the Soviets would dismantle their missiles aimed at Europe. Reagan said his goal is to eliminate all nuclear weapons in Europe. At arms-reduction negotiations currently underway in Geneva, the Soviets have insisted that French and British nuclear weapons be included in any agreement (see chapter about U.S.-Soviet relations). The



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Soviets have said they would reduce their medium-range missiles and warheads to the number of existing British and French weapons were the United States not to deploy its newest weapons. This proposal is unacceptable to NATO because it would force both the British and the French to relinquish their independent nuclear capability. Both nations are unwilling to give up that strength. In fact, both nations have announced plans to modernize and increase the size of their nuclear forces.

American Economic Policy—Today about 30 percent of our exports go to Western Europe, and about 20 percent of our imports come from there. Because our economies are so *interdependent*, economic conditions in Western Europe or the United States can strongly affect both continents. Since 1979 a priority of both the Carter and Reagan administrations has been to reduce inflation. Both administrations have emphasized a *tight money* policy, limiting the amount of money available for loans (see article about the economy). This policy, coupled with high budget deficits, has resulted in high interest rates. American interest rates have affected European interest rates, forcing them up as well, slowing down European economies, and hurting their balance of payments.

In addition, America's recession and high interest rates have strengthened the dollar and weakened most other foreign currencies. Normally, a strong dollar benefits other countries by making their exports more competitive in the United States. However, the Europeans have three reasons for wanting a stabilized dollar: First, they must pay for their oil imports with dollars. If the dollar is more expensive, then so is imported oil. Second, many European countries are highly dependent on exports from America, which cost much more when the dollar is strong. Third, if the dollar rapidly strengthens in a three-month period, it could decline just as quickly. Suddenly European currencies could become more expensive and their exports more costly.

The French have been hurt the most by American economic policy. In 1983 the value of the franc (French currency) plunged to a record low of 7.4 francs to the dollar. The French are strongly advocating regulation of exchange rates and American intervention in the currency market in order to stabilize exchange rates. The Reagan administration has refused, prefering to rely on free-market principles and urging lower trade barriers. However, at the 1983 economic summit meeting of the major industrial democracies, held in Williamsburg, Virginia, President Reagan joined the others in endorsing the possibility of holding an international conference to reform the monetary system. Reagan and the other leaders also pledged to reduce their budget deficits.

Trade Wars—The world-wide recession has impelled unemployed workers to press their national leaders for increased trade barriers to protect their industries from cheap foreign imports. Many European countries have instituted export subsidies, increased tariffs, and other barriers against foreign imports to protect their industries. Many countries have erected trade barriers of their own in retaliation, making a trade war a very real threat.

The United States argues that a trade war could be the worst thing for the Western Alliance. As it is, worldwide trade fell 2 percent in 1982 and was virtually stagnant in 1981. Without lowering existing barriers, none of the top seven trade giants could improve its export performance without hurting an ally. The signs of a trade war were already apparent early in 1983, when after repeatedly protesting European subsidies of farm exports, the American government retaliated by approving a subsidized sale of U.S. flour to Egypt, a traditional European market. The United States threatened to retaliate again if the Europeans did not limit subsidies. Subsequently, the Europeans offered to cut export subsidies.

At a 1983 meeting of finance ministers in Paris, the United States, its European allies, Japan, and Canada finally reached a preliminary agreement to prevent a large-scale trade war. The major industrialized nations would create a broad forum of International Monetary Fund and General Agreement on Tariffs and Trade organization leaders to coordinate trade and economic policies so that restrictive trade policies will not destroy a global economic recovery (see chapter about trade).

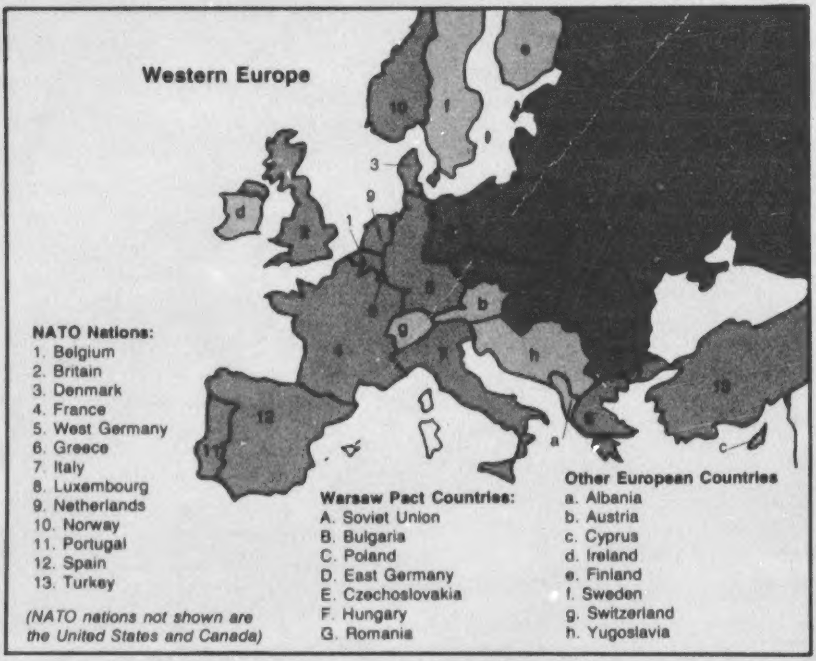
Trade with the Soviet Union—The United States has pressed its allies not to trade with the Soviet Union, fearing that increased East-West trade could make Western Europe vulnerable to Soviet economic blackmail. The administration also fears that the Soviets would use the computers and other high-technology equipment they might buy to aid in the construction of military weapons. Many Europeans consider U.S. criticism of increased European-Soviet bloc trade to be hypocritical, since the United States continues to sell the Soviets billions of dollars worth of agricultural products. Furthermore, the Europeans see trade with the Soviet bloc as a long-term solution to their economic problems, and they hope to supplant the United States as the major supplier of some industrial goods to the Soviets.

The Europeans are particularly angry with the Reagan administration because of proposed legislation that would tighten restrictions on exports to the Soviet Union. The intent of the changes is to restrict the flow of high technology to the Soviets. The Europeans object to provisions that would allow the president to halt imports from countries that sell sensitive high-technology equipment to the Soviets (or their allies). For example, if the United States banned the sale of personal computers to the Soviets and France exported personal computers to the Soviet Union, the president would have the power to halt imports from France, if the proposed legislation were passed.

Other Foreign Policy Issues—Increasingly the United States and its allies have disagreed on other foreign policy issues, among them:

Latin America—America has been unsuccessful in getting European countries to back our support of El Salvador. Only Great Britain has openly backed President Reagan's Latin America policy. Most European countries have remained silent on the issue, but France has taken an activist role, recognizing the Salvadoran guerillas and selling $15.8 million in arms to Nicaragua. Many diplomats worry that France's opposition to American support of El Salvador could strain its relations with the United States.

The Arab-Israeli Conflict—In general, our European allies have supported Israel far less than the United States has. This may be largely due to Western Europe's dependence on Arab oil. When faced with the threat of an Arab oil


Western Europe
10
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3
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8
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12
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a
6
13
c
NATO Nations:
1. Belgium
2. Britain
3. Denmark
4. France
5. West Germany
6. Greece
7. Italy
8. Luxembourg
9. Netherlands
10. Norway
11. Portugal
12. Spain
13. Turkey
(NATO nations not shown are the United States and Canada)
Warsaw Pact Countries:
A. Soviet Union
B. Bulgaria
C. Poland
D. East Germany
E. Czechoslovakia
F. Hungary
G. Romania
Other European Countries
a. Albania
b. Austria
c. Cyprus
d. Ireland
e. Finland
f. Sweden
g. Switzerland
h. Yugoslavia

embargo during the 1973 war in the Middle East, West Germany prohibited use of its bases by American planes carrying supplies to Israel. Our allies have been more willing to recognize the Palestine Liberation Organization as well and have not given much support to the Camp David peace process. Our allies would like us to persuade the Israelis to compromise with the Palestinians.

OUTLOOK

The most divisive issue in U.S.-European relations is not the basing of American nuclear weapons in Europe, as newspaper headlines would suggest. In general, NATO leaders agree that the weapons should be deployed and approve of President Reagan's arms negotiating policy with the Soviets. Trade is by far the most dangerous issue confronting the United States and its Western European allies. Although the United States and the Western European nations officially support lowering trade barriers, the leaders of these countries are under strong pressure to raise trade barriers if the European economy doesn't improve. If a trade war were to occur, it would undoubtedly weaken relations between Europe and the United States not just in economic matters but also in the area of mutual defense. It appears certain that the economies of Europe and the United States will improve, but it is not clear that they will improve enough to prevent a trade war.

THE DEBATE

Western Europe

Should Europe Trade with the Soviets?

PRO	*CON*
● East-West trade is good for Europe. Expanding East-West trade will make Western Europe interdependent with, not dependent on, the Soviets. A long-term, close business relationship between the Soviets and Western Europe could help ensure peace just as the creation of the Common Market helped resolve differences between Germany and its former enemies.	● Trading with the communists is very dangerous. The Soviets have been purchasing advanced Western European computers and other technology for their military program. The new gas pipeline could be especially dangerous, since it would make Western Europe overly dependent on the Soviets and since it would give the Soviets billions of dollars to finance their arms program.

Should We Deploy Nuclear Weapons in Europe?

PRO	*CON*
● The Soviets and their Warsaw Pact allies have the United States and NATO outnumbered. We need theater nuclear weapons in Europe to deter a Soviet attack. Our present weapons in Europe are outdated and increasingly vulnerable. We must replace them if we are to maintain a credible deterrent.	● The presence of nuclear weapons in Europe makes Europe less secure, not more secure. Once there, they become a target for Soviet nuclear attack. Americans should remember that Europe cannot survive a limited nuclear war. In a "limited" exchange, all of Europe would be destroyed.

Should America Heed Its Allies' Advice on Non-European Matters?

PRO	*CON*
● America could benefit from European experience and wisdom. Europe learned the hard way that it is not always wise to support the status quo. The United States should take a lesson from Europe.	● What right do the Europeans have to tell us what is in our interest? For example, Soviet adventurism in Latin America poses an immediate danger to us, yet France is selling arms to Nicaragua, a socialist and anti-American country. Europe's advice does not reflect what is best for the United States or the Western Alliance in the long run.

Central America and the Caribbean Basin

Maintaining stable and friendly governments in Latin America has been a high priority of U.S. foreign policy since the Monroe Doctrine was proclaimed more than 150 years ago. The geographic proximity of this region has made its political stability vital to us for political and military reasons. The interests of American corporations in these countries as markets for investments and exports, and as sources of raw material and food, have made their stability extremely important to us for economic reasons as well. Yet the history of Latin America has been marked more by revolution and civil war than by stable government.

Although the United States has traditionally sought to promote Democracy throughout the Western Hemisphere, that interest has often conflicted with our desire to prevent a communist takeover of any Latin American country. As a result, the United States has often allied itself with ruthless dictatorships and defended the interests of a handful of wealthy landowners while ignoring government repression of large peasant populations. Such policies have made Central America fertile ground for socialist revolutionaries and fervent anti-Americanism.

In April 1983 President Reagan told a joint session of Congress that the "entire region from the Panama Canal to Mexico on our southern border" faces the threat of destabilization by the Soviet Union, Cuba, and Nicaragua. To counter the menace, the president asked Congress for $600 million in economic and military aid for all of Central America (except Nicaragua) and the island-states of the Caribbean Sea, which constitute the Caribbean Basin. Additional U.S. support in the area would include a commitment to train the Salvadoran troops to fight rebels in their country and actions by the Central Intelligence Agency to arm and finance an invasion of Nicaragua by Nicaraguan exiles living in Honduras.

There are mixed feelings in Congress about the administration's Central American policy. For many lawmakers the issue is a dilemma: If American involvement were discontinued, El Salvador or its neighbors could be "lost" to the communists. In this case U.S. allies would question our commitment to their security. If U.S. support were increased, the United States would be supporting an undemocratic government rife with human rights abuses and would be stuck in a guerilla war that cannot be won.

KEY QUESTIONS:

- Can America's commitment to fostering democracy be reconciled with its commitment to containing the spread of communism?

- Should we increase military and economic assistance to Caribbean Basin and Central American governments?
- Should we back forces seeking the overthrow of Nicaragua's Sandinista organization?
- Should the United States encourage negotiations between Salvadoran rebels and the government?
- What can we do to ensure both human rights and stable governments in Central America and the Caribbean Basin?

BACKGROUND: Major Nations of the Caribbean Basin

Cuba—For the first half of this century Cuba was practically an American colony, the playground of America's rich. But most Cubans lived a meager existence: The rich were very rich, and the poor were very poor. The government of pro-American dictator Fulgencio Batista (1952-1959) was harsh and corrupt, setting the stage for Fidel Castro's takeover in 1959. Leftists quickly came to dominate Castro's government, instituting a program of sweeping economic and social changes. Many of Castro's opponents were either imprisoned or killed. Those who survived immigrated to the United States. In the first years of the Castro government, some seven hundred thousand Cubans fled to the United States.

By 1960 Castro's belligerent anti-Americanism, his growing ties with the Soviet Union, and his repressive policies had seriously strained U.S.-Cuban relations. When Castro seized most American assets in Cuba Eisenhower retaliated by cutting trade with Cuba and declaring that the United States would not "permit the establishment of a regime dominated by international communism in the Western Hemisphere."

Two crises completed the break with Cuba. As President John F. Kennedy took office, the Central Intelligence Agency was already training a group of anti-Castro refugees to invade Cuba. On April 17, 1961, twelve hundred to fifteen hundred Cubans landed at the Bay of Pigs, ninety miles south of Havana. Due to poor security, bad luck, and lack of air cover, they were quickly crushed by Castro's forces. After the foiled attempt, U.S.-Cuban relations deteriorated quickly. Then, in 1962, the United States learned that the Soviets had based nuclear missiles in Cuba. President Kennedy placed U.S. strategic forces on alert and blockaded the island until the missiles were dismantled and removed.

Today Cuba is a member of Comecon, the Communist economic union, and receives approximately $3 billion annually in aid from the Soviet Union. The United States maintains that Cuba uses the aid to export revolution, especially to other Latin American countries. Castro has also sent Cuban troops to help revolutionaries in such African states as Angola, the Congo, Ethiopia, Equatorial Guinea, Guinea, Guinea-Bissau, Somalia, and Mozambique. The Reagan administration has accused Castro of supplying advanced military equipment to Nicaragua and of funneling military equipment to aid Salvadoran guerrillas.

Nicaragua—In 1909 the United States sent a naval force to intervene in Nicaragua after two Americans had been executed. U.S. Marines stayed in Nicaragua off and on until 1933. Before they left, they trained General Anastasio

Somoza Garcia to lead a national guard. Somoza used the guard to assassinate guerrilla leader General Cesar Augusto Sandino, overthrow the liberal President Juan Batista Sacassa, and establish a military dictatorship. During their forty-five years in power, the three Somozas who ruled Nicaragua—Anastasio Somoza and his two sons, Luis Somoza Debayle and Anastasio Somoza Debayle—were so undemocratic and corrupt that by 1978 even many businessmen and much of the middle class had joined the opposition.

After a two-year civil war the Somoza regime was overthrown on July 20, 1979, by a pro-Marxist group known as the Sandinista National Liberation Front and several other political factions representing both the poor and the middle classes. A new Government of National Reconstruction was formed. Although the Sandinistas clearly played the major role, the new government also included representatives of the private business sector and the middle class. The new government declared its intent to spurn "American-style" capitalism and "Soviet-style" communism and to follow a "third way": an economy part socialist and part capitalist with political pluralism (many political groups instead of one). Elections were promised for 1985.

El Salvador—El Salvador is divided between the very rich and the very poor. The economy is almost feudalistic. More than 85 percent of the arable land is owned by 5 percent of all land-owning families. The wealthiest of these, known as the fourteen families, were closely aligned with right-wing military officers who ruled El Salvador for nearly fifty years.

In October 1979 the United States backed a bloodless coup by moderate military officers who intended to take power away from the fourteen families and the military and establish a reform-oriented civilian government. By March 1980 a government of Christian Democrats, led by Jose Napoleon Duarte, had decreed the Basic Law of Agrarian Reform, establishing a three-phase program to break up the larger and medium-sized estates, organize agricultural cooperatives, and give land to tenant farmers. However, many liberals, demanding that the large estates be broken up immediately, left the junta. Radicals on the left started a wave of demonstrations, bombings, and assassinations. Meanwhile, right-wing extremists opposed to the junta's land reform policy organized "death squads" to terrorize villagers. The Duarte government and the moderate military were caught in the middle. However, some officers and enlisted men were accused of joining right-wing death squads and torturing captured leftists.

Elections for a constituent assembly were held in 1982. Most of the left-wing groups refused to participate. Despite threats from Salvadoran leftists, however, more than 1.4 million Salvadorans voted, approximately 80 percent of the electorate. The high turnout was interpreted by many as a moral defeat for the communist rebels. Although Duarte's moderate Christian Democratic party received more votes than any other party, it received only 40 percent of the overall vote. Four rightist groups together gathered the remaining 60 percent. The conservative coalition has been accused of dismantling land reform despite threats that the United States might cut off all aid.

Guatemala—Since 1945 assassinations and political violence from the left and right have been the norm in Guatemala. The occasional elections have always been subject to widespread fraud by the government in power. On March 7, 1982, the most recent Guatemalan election was won by General Angel Ambal Guevara, the hand-picked successor of the former dictator, Fernando Romeo Lucas Garcia. Most countries believe the election was won by fraud.

Two weeks after the election, Guevara was overthrown in a military coup. The new leader, General Efrain Rios Montt, has proposed a new political system called "Communitarianism," which, he says, would encourage some free enterprise, give small parcels of land to peasant farmers, and establish "model villages." Some reform program is desperately needed in this country, where 75 percent of rural Guatemalans are malnourished and 50 percent die before the age of five. Human rights experts believe that Rios Montt's pledges are just talk. Despite Rios Montt's promises of reform, government forces are still killing peasant Indians suspected of collaborating with anti-government guerrillas. Political unrest is said to be so high that in some areas guerrillas have the support of entire villages.

Honduras—Honduras has been lucky so far. Surrounded by nations in turmoil and with its own economy in desperate shape, Honduras has remained remarkably quiet. Hondurans were even able to elect a civilian president.

Hondurans believe their stability and pro-Americanism deserve at least some acknowledgment from Washington, which has so far ignored them while sending aid to countries with poor human rights records. Future U.S. assistance might import problems into Honduras, however. For example, the United States is using Honduras as a buffer against Salvadoran rebel movements and as a base for the infiltration of an estimated seven thousand "counter-revolutionaries" into Nicaragua. Critics of this policy argue that an increased U.S. presence in Honduras could invite revolution, civil war, or a Honduran-Nicaraguan war.

Panama—Panama has been an important ally of the United States throughout the century. In 1903, after Colombia had rejected U.S. proposals to build and operate a canal across the Panamanian isthmus (which it controlled), U.S. Naval forces helped Panama secure independence from Colombia. In return, the new Panamanian government granted the United States permission to build the canal and rights to permanent use, occupation, and control of the canal and the territory surrounding it.

Fear of an anti-U.S. mood in Panama, however, spurred the Ford and Carter administrations to negotiate the transfer of the canal to Panama. In 1977 the two countries agreed to a treaty that would gradually return operation and control of the canal to Panama by 1999. American conservatives sharply criticized the treaty.

BACKGROUND: U.S. Foreign Policy in Latin America

Monroe Doctrine (1823)—Inspired in part by the thirteen North American colonies, many Spanish colonies in Central and South America fought for and achieved their independence in the early 1800s. In 1823 President James Monroe informed the world that the United States would regard any European attempt to reestablish colonies in the Americas or to intervene in the affairs of the

Americas as an act of hostility. The principle that the United States would defend its special interests in Latin America was the foundation of our Latin American policy until the 1947 Inter-American Treaty of Reciprocal Assistance. This treaty says that if one American country is attacked by an outside nation, the other American nations are obligated to provide some assistance.

Spanish American War and the Platt Amendment (1898, 1901)—Although the United States fought the Spanish-American War in part to help Cuba achieve independence from Spain, we also hoped to gain influence in Cuba after the war. In 1901 the U.S. Congress passed the Platt Amendment, which later became part of a treaty with Cuba. It gave the United States access to naval bases on the island and authorized the United States to intervene in Cuba when it felt intervention necessary, as it did in 1906 and again in 1917. This established a precedent for intervention in other parts of Latin America.

Dollar Diplomacy (1912)—The expression "dollar diplomacy" came from a speech by President William H. Taft, in which he said U.S. interests in Latin America could best be served by "substituting dollars for bullets." American businesses began to invest heavily in plantations, mines, and factories in Latin America. With these investments came substantial influence over the regional governments. However, "dollar diplomacy" also led to military intervention in these countries when American business interests were severely threatened.

Good Neighbor Policy (1933)—President Franklin D. Roosevelt sought to cultivate better relations with Latin America. He wanted to replace "dollar diplomacy" with a "good neighbor policy." The United States pledged not to intervene, and to cooperate politically and economically with Latin America.

Anti-Communist Interventions—As the Cold War developed, however, the good neighbor policy once again gave way to interventionism. The most blatant examples were the 1954 coup against reformist President Arbenz in Guatemala and the 1961 Bay of Pigs invasion of Cuba. U.S. Marines also invaded the Dominican Republic in 1965.

Policy Changes Under Jimmy Carter—The Carter administration and many liberal Democrats in Congress led the way in making human rights, rather than anti-communism, the cornerstone of U.S. policy. The administration cut off military aid to Chile, Guatemala, Argentina, and other regimes found to be gross violators of their citizens' human rights. Carter also ceased sending U.S. support to Nicaraguan dictator Anastasio Somoza, contributing to Somoza's fall from power in 1979. The new Panama Canal Treaties, pushed through Congress by Carter in 1977, were also part of the new policy toward Latin America.

CURRENT ISSUES

El Salvador—The American view of El Salvador has changed over time but has always been politically charged. During the Carter administration the violence in El Salvador was treated, more or less, as a civil war. It was believed that left-leaning groups were resorting to violence, including murder, to convince the government to implement land reform—the breaking up of large private land holdings and their distribution among peasant farmers who worked those fields—and other social and economic reforms. Opposing them were right-wing extremists who used "death squads" to terrorize the civilian public—even to the point of murdering priests, nuns, and American citizens—in support of the interests of the wealthy. The death squads were thought to be backed by wealthy landowners and influential members of the government. The Carter administration approached the issue as one of human rights, encouraging the government to implement land reforms by offering American aid and encouraging negotiations between the government and the leftist rebels.

The Reagan administration's understanding of El Salvador is much different. The threat to El Salvador is external, not internal, the administration argues. The civil war there is a Soviet-inspired challenge to American security in the Western Hemisphere. President Reagan argues that Soviet-backed leaders in Cuba and Nicaragua are arming Salvadoran rebels in an attempt to export revolution to each Central American nation. Should the rebels succeed, the president explains, they will use El Salvador as a base from which to export revolution to Guatemala, Honduras, or Costa Rica. Even Mexico may one day be threatened, he argues. In the event of a war in Europe, the president believes a communist presence south of our border could be used by the Soviets to prevent the United States from committing all of its troops to the European front.

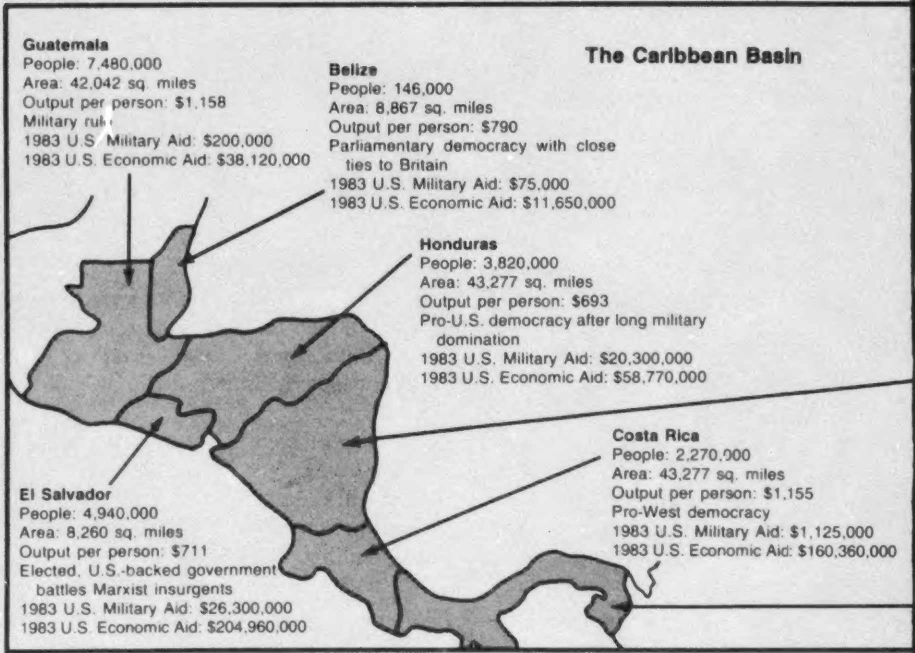
At a joint session of Congress in April 1983, President Reagan outlined four goals for solving El Salvador's problems as well as those of other embattled Central American nations.

- The first goal was to support "democracy, reform, and human freedom" by using U.S. aid, persuasion, and leverage to encourage governments to observe basic human rights.
- The second goal was to promote the economic development of the region. The Reagan administration asked Congress for $227.1 million in economic aid for El Salvador in 1983. In addition, the president's Caribbean Basin Initiative (see below) would try to bring permanent economic recovery to El Salvador and its neighbors.
- The third goal was to support El Salvador militarily. The president proposed $136.3 million in military aid for El Salvador in 1983, including in this figure both military training and equipment. The president declared, however, that he would not send U.S. troops to fight in El Salvador.
- The fourth goal was to support negotiations between disputing nations in Central America and between governments and internal rebel forces within nations. Secretary of State Shultz, however, told a congressional committee that the agenda for such negotiations would not include an automatic role in the government for the rebels.

Critics of the president argue that his policies have not been consistent with these goals. They charge, for example, that the administration has not credibly used the threat of withholding U.S. aid from El Salvador to get that government to negotiate with the rebels and to improve human rights abuses, as the Carter administration did. The critics contend that the administration's obsession with the "communist threat" has given the Salvadoran leaders the impression that they don't have to respect human rights or continue land reform programs in order to get U.S. aid. If the United States does not emphasize these problems, the leftist guerrillas will be able to tap growing dissatisfaction with the government among peasants, the critics argue. These critics want the Salvadoran government to bring some leftists into the government before the elections (scheduled for December 1983). The administration rejects this, arguing that the leftists should run for office. Critics point out that the leftists were not permitted to run in the last election and that many fear assassination by the death squads were they to run for office.

Nicaragua—The Reagan administration has accused Nicaragua of arming revolutionaries in El Salvador. Press reports suggest the Reagan administration is trying to remove pressure from El Salvador by putting it directly on Nicaragua. More than seven thousand counterrevolutionaries, made up of former Samoza-era Nicaraguan national guardsmen and native Miskito Indians, have invaded Nicaragua from bases in Honduras using guerrilla tactics similar to those the Sandinistas used to overthrow the Samoza regime. According to the Reagan administration, the "contras," as they are called, were organized by the U.S. Central Intelligence Agency in 1981 as a force of five hundred to disrupt Nicaraguan efforts to supply Salvadoran rebels. But the force has swelled to the size of a small army, now outnumbering the Salvadoran guerrillas, and it appears to have a new objective: the overthrow of the Sandinista government.

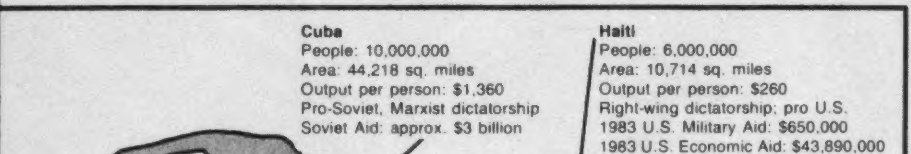
The Reagan administration has denied that the overthrow of the Sandinistas is its goal, although it does not deny that the guerrillas who receive our support may have that aim. But if the CIA were secretly planning to use the contras


The Caribbean Basin
Guatemala
People: 7,480,000
Area: 42,042 sq. miles
Output per person: $1,158
Military rule
1983 U.S. Military Aid: $200,000
1983 U.S. Economic Aid: $38,120,000
Belize
People: 146,000
Area: 8,867 sq. miles
Output per person: $790
Parliamentary democracy with close ties to Britain
1983 U.S. Military Aid: $75,000
1983 U.S. Economic Aid: $11,650,000
Honduras
People: 3,820,000
Area: 43,277 sq. miles
Output per person: $693
Pro-U.S. democracy after long military domination
1983 U.S. Military Aid: $20,300,000
1983 U.S. Economic Aid: $58,770,000
Costa Rica
People: 2,270,000
Area: 43,277 sq. miles
Output per person: $1,155
Pro-West democracy
1983 U.S. Military Aid: $1,125,000
1983 U.S. Economic Aid: $160,360,000
El Salvador
People: 4,940,000
Area: 8,260 sq. miles
Output per person: $711
Elected, U.S.-backed government battles Marxist insurgents
1983 U.S. Military Aid: $26,300,000
1983 U.S. Economic Aid: $204,960,000

to overthrow the Sandinistas, it would be violating a law passed by Congress in late 1982 prohibiting U.S. aid "for the purpose" of overthrowing the Nicaraguan government. The law was passed because critics feared such U.S. intervention would strengthen international support for the Sandinistas. The critics also claim the United States is inconsistent in condemning Cuban and Soviet attempts to subvert governments while doing the same thing itself in Nicaragua. Critics also say that although the contras may threaten the Nicaraguan government, they have still not done the job they were meant to do: stop arms from reaching El Salvador. Administration supporters argue that the contras have successfully deterred arms shipments. Cutting off aid to the contras, they say, would only hand a victory to the Sandinistas.

Caribbean Basin Plan—In February 1982, speaking before the Organization of American States, President Reagan unveiled his "Caribbean Basin Initiative," a six-point economic plan for the area. The plan proposed $350 million in additional economic aid for FY 1982, nearly half earmarked for El Salvador. Other proposals included giving special duty-free status to Caribbean products and providing tax incentives for American businesses that invest in the region. Nations would not benefit from this plan, however, if they did not reciprocate by lowering tarrifs on American products or if they did not cooperate militarily with the United States.

The purpose of the Caribbean Basin program, according to administration officials, is to demonstrate that the United States seeks not only to combat guer-



Cuba
People: 10,000,000
Area: 44,218 sq. miles
Output per person: $1,360
Pro-Soviet, Marxist dictatorship
Soviet Aid: approx. $3 billion

Haiti
People: 6,000,000
Area: 10,714 sq. miles
Output per person: $260
Right-wing dictatorship; pro U.S.
1983 U.S. Military Aid: $650,000
1983 U.S. Economic Aid: $43,890,000

Nicaragua
People: 2,640,000
Area: 79,759 sq. miles
Output per person: $555
Pro-Cuban, revolutionary government, supports Salvadoran insurgents
1983 U.S. Military Aid: None
1983 U.S. Economic Aid: $330,000

Dominican Republic
People: 5,900,000
Area: 18,816 sq. miles
Output per person: $990
Pro-West democracy under watchful eye of military
1983 U.S. Military Aid: $1,600,000
1983 U.S. Economic Aid: $43,760,000

Panama
People: 2,000,000
Area: 29,762 sq. miles
Output per person: $1,530
Military-dominated democracy with independent foreign policy
1983 U.S. Military Aid: $5,450,000
1983 U.S. Economic Aid: $12,340,000

Jamaica
People: 2,300,000
Area: 4,232 sq. miles
Output per person: $1,300
Democracy now friendly with U.S.
1983 U.S. Military Aid: $1,175,000
1983 U.S. Economic Aid: $107,010,000

rillas but also to help the economies of the region. The administration fears that "poverty and the sense of hopelessness that comes with it" could lead to revolutions throughout the Caribbean, especially if El Salvador were to fall. Some Caribbean officials called the plan too simple and argued that by not stressing human rights, justice, and economic reform, the plan did not get at the heart of the matter. Some members of Congress called the plan a veiled attempt to provide emergency assistance to El Salvador.

In 1982 Congress passed only the $350 million aid section of the plan. Members of Congress successfully opposed the lowering of trade barriers to the Caribbean Basin countries because of fears that cheaper Caribbean products would sell too well here, costing American workers their jobs. Proponents of lower barriers argue that if the region were allowed to thrive, more American jobs would ultimately be created. In other words, were we to buy more of their products, they would have more money to buy our products.

OUTLOOK

Some things never seem to change. Civil wars, revolutions, coups, poverty, and unjust economic and political systems seem to be the rule in Central America. That probably won't change soon. The question is: Can Congress and the president agree on a policy to deal with the upheaval in Central America and the Caribbean? The president is determined to stop "communist aggression" in the region and has drawn the proverbial line in El Salvador. Many members of Congress believe the real enemy in El Salvador to be economic and social problems that cannot be defeated with bloodshed, especially that of American soldiers. But members of Congress know that democratization and economic stability won't happen overnight, and the threat of a communist takeover seems real enough to them that they are likely to approve the aid requests and let the administration continue its policies in the region rather than be accused someday of "losing" El Salvador.

THE DEBATE

Central America and the Caribbean Basin

Should We Defend Repressive Regimes from Communist-backed Revolts?

PRO

- Our first concern must be our national security. We want to be careful that the Soviets have as few allies in our region as possible. Otherwise, the military consequences could be tragic. That is not to say we don't care about human rights violations. But we are in a much better position to urge our allies to respect human rights than to tell communist revolutionaries how to treat their citizens.

CON

- It is not surprising that so many people in Latin America despise the United States. For years we have backed their corrupt and repressive regimes. Repression has led to revolution. And as the dictators with whom the United States was allied have been deposed, the new leaders have allied themselves with the Soviet Union, which had opposed the earlier repressive regimes.

Should We Support the Overthrow of the Sandinistas?

PRO

- There is no inconsistency in our support of the Salvadoran government and our opposition to the Sandinistas. We are defending the principal of political pluralism in El Salvador, something the Nicaraguan regime has denied its citizens and is fighting throughout the region. The counterrevolutionaries in Nicaragua are quickly gaining new followers, a sure sign of the widespread dissatisfaction with the Sandinistas.

CON

- The United States is taking an active role in the counterrevolutionary movement in Nicaragua. We are arming, training, and possibly paying the anti-Sandinista forces, literally orchestrating a revolution. In the eyes of the world, the United States is trying to topple a helpless governnment and replace it with a pro-American dictatorship. In that light we look no better than the Cubans or the Soviets. Our critics have a good point, too: Do we really know the contras would establish a democracy if they won?

Should We Encourage Negotiations Between the Salvadoran Rebels and the Government?

PRO

- The only way El Salvador's problems can be solved is through negotiations between the rebels and the government for a comprehensive agreement. Everything should be subject to negotiation, including the rebels' demand that they be given a major role in the government, stepped-up land reform, amnesty for the rebels, and prosecution of the right-wing murder squads. Pursuing peaceful negotiations has a better chance of working than does giving the government bullets with which to kill rebels.

CON

- The rebels have no interest in sharing power or instituting a democracy. During the last election the leftists boycotted the proceedings and tried to disrupt the process by shooting at voters. Nevertheless, the people came out to vote in huge numbers. We can urge the government to ensure the leftists' security if they choose to run in the next election, but it would set a terrible precedent if terrorists were allowed to join a government merely because the alternative is continued civil war.

中國

China

Throughout most of recorded history there has been China—a massive, delicately cultured nation with riches long envied by the West. Years ahead of the Europeans, the Chinese were unsurpassed artists and inventors of such devices as the magnetic compass, gunpowder, and paper, and it was they who developed the first methods of printing and surgery. The people of China are tremendously proud of their heritage and have long looked upon Western civilization as crude compared to theirs, even in the last two centuries when Western science has surpassed that of the Chinese.

China is still very important to the West. Businesses see China's population of more than one billion people as an incredible potential market for their products. American military and political strategists view China as a possible ally in countering the Soviets. But until a decade ago the United States and the People's Republic of China (PRC) were enemies.

Several issues still trouble Sino-American relations, many of them ideological. The major issue has involved Taiwan. For many years after the Chinese Communist party defeated the Nationalist party for control of the mainland (1949), the United States continued to recognize the Nationalists, who had transferred their government to the island of Taiwan, as the sole rightful rulers of mainland China. Although the United States now officially recognizes only the Communist Chinese, the PRC still resents U.S. arms sales to Taiwan. This issue must be settled, the Chinese insist, before trade and military ties can be improved.

KEY QUESTIONS:

- Should the United States maintain close relations with Taiwan even though such an alliance might hurt our relations with the PRC?
- Should the United States sell arms to Taiwan?
- How will more friendly relations with the PRC affect the balance of power between the United States and the Soviet Union?
- Do the potential benefits of trade with the PRC outweigh the potential risks for American companies?

BACKGROUND: THE PEOPLE'S REPUBLIC OF CHINA

The Communist Takeover (1949)—During World War II the Chinese Communist party led by Mao Zedong and the Kuomintang (Nationalist) party led by Chiang Kaishek put aside their bitter conflict to fight together against the Japanese. But after the defeat of Japan in 1945, the two parties resumed a civil war for control of China. The Communists built a strong base of support in

China's vast rural areas, where the peasants were unhappy with the poverty, the discriminatory feudal economy, and the widespread corruption of Chiang Kaishek's government. On October 1, 1949, the long struggle ended in a Communist victory. Mao and his assistant Zhou Enlai proclaimed the new People's Republic of China.

Communist party officials were placed in charge of national, regional, and local levels of government. Mao's philosophy and sayings, collected into what became known around the world as "The Little Red Book," were the basis of the new political system. The central economic goals were to eliminate poverty and inequality among the masses. Private property was almost totally eliminated, and farm and factory profits were shared by the government and the workers. Chiang and his followers fled to the island of Taiwan, where they reestablished the Republic of China and claimed sovereignty over all of China.

Great Leap Forward—The first ten years of Communist rule produced some notable economic achievements but fell far short of expectations and needs. In 1958 Mao announced a massive new economic program known as the Great Leap Forward, intended to modernize Chinese agriculture and industry within a few years. The program was a disaster. Not only did it fail to reach its economic goals, but it also provoked great unrest.

Sino-Soviet Split—Mao's forces had been aided by the Soviet Union during the civil war. In 1950 the two communist governments signed a treaty of friendship, alliance, and mutual assistance. Throughout the 1950s the Soviets sent advisors and financial aid to the Chinese. But problems arose over ideology, policy, and borders, and in August 1960 the Soviets withdrew their advisors and ceased their financial and technical aid. During the 1960s this "Sino (meaning Chinese)-Soviet split" became increasingly bitter. A major battle erupted along the Mongolian border in 1969, and lives were lost on both sides.

Cultural Revolution (1966)—By 1966 Mao and his close followers believed large segments of the Chinese people and the party had lost sight of the original goals and principles of the revolution. They proclaimed a "Cultural Revolution" to purge the party and the population of such negative elements. The Cultural Revolution, however, proved even more disruptive than the Great Leap Forward. After the death of Mao, China's new leaders sharply criticized this attempt at reform.

Deaths of Mao and Zhou and the Power Struggle—When Mao and Zhou died in 1976, a power struggle pitted Deng Xiaoping, a pragmatist and close ally of Zhou Enlai, against the so-called "Gang of Four." This group included Mao's wife and represented the radicals within the party who believed Deng was unfaithful to the revolution. Shortly after Mao's death, the Gang of Four was purged, and Deng emerged as the effective leader of China. In a much publicized trial late in 1980, the Gang of Four was convicted of crimes against the state.

Changes in Economic Policy (1980-1983)—The new Chinese leadership has radically altered Chinese economic policy. In an effort to improve agricultural and industrial productivity, the Chinese are now experimenting with limited private property, the profit motive, and other material incentives. Although the overall structure and principles of socialism remain intact, Deng Xiaoping and the other new leaders of China have been willing to compromise their ideology in order to make economic gains.

Recent Political Changes—Deng Xiaoping has instigated a bureaucratic shake-up, replacing all but two of the country's thirteen deputy prime ministers with younger managers and paring down much of China's swollen bureaucracy. Most of the new leaders are expected to agree with Deng's more modern approach to economics and industrial growth. By placing younger men in top positions, the seventy-eight-year-old Deng can be more certain that his policies will be carried on long after he has retired.

BACKGROUND: U.S. POLICY

Total Opposition to Red China and Support for Taiwan—In the early years of the Cold War, U.S. foreign policy was based on stopping the spread of communism wherever it appeared. Thus we supported Chiang Kaishek during the Chinese civil war. Although his government was known to be corrupt and undemocratic, he was anti-communist and was therefore considered worthy of American support. When he lost the civil war and fled to Taiwan, we signed a treaty promising to defend Taiwan with large amounts of military and economic aid. In addition, many American companies invested in the Taiwanese economy. Meanwhile, relations with the mainland were cold at best. They reached a low point during the Korean War, when American and Chinese troops actually battled.

Dramatic Changes in American Policy—In late 1971 when it was announced that the president of the United States had been invited to the People's Republic of China, the world was stunned. Richard Nixon's trip was an historic occasion, the first friendly official contact between two sworn enemies.

Relations continued to improve when President Ford went to China in 1975 and when President Carter invited Deng Xiaoping to the United States in January 1979. In 1979 Carter convinced Congress to pass a bill normalizing relations with China. Normalization meant the United States and China would exchange ambassadors and would seek further cooperation in many fields. However, the bill also required us to break official relations with the Taiwanese government and recognize the PRC as the sole legitimate government of China.

CURRENT ISSUES

U.S. Support for Taiwan—The most important issue involving relations between the United States and the PRC concerns the future of Taiwan. Taiwan still claims rightful control of all China, but the PRC denies the legitimacy of the Taiwanese government. As part of our 1979 agreement with the PRC, we ended all official relations with Taiwan, including the mutual defense treaty. But to win the necessary support in the Senate, President Carter agreed to substitute for the treaty a pledge to defend Taiwan from attack. He also agreed to continue selling defensive (but not offensive) weapons to the Taiwanese. Although this pledge disturbed the PRC, the People's Republic nevertheless agreed to accept it provided the United States did not recognize two Chinas.

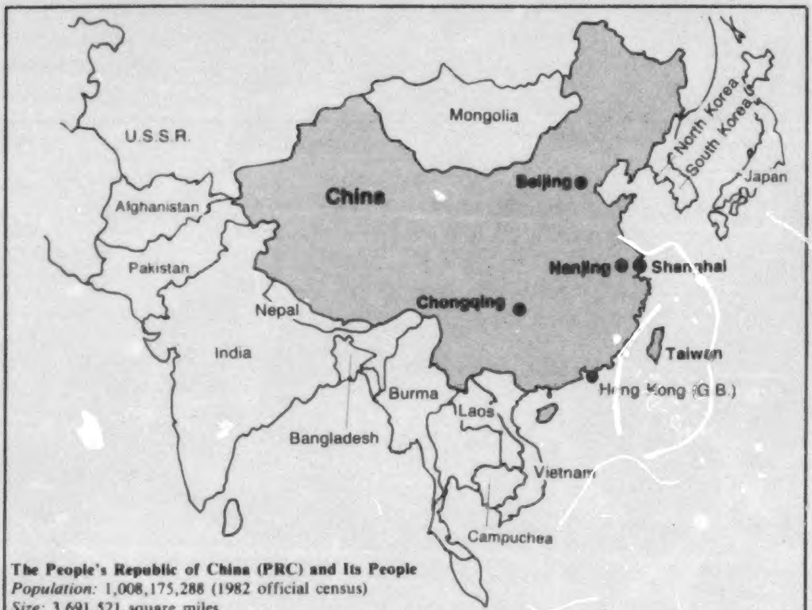
The mainland Chinese did not welcome the election of Ronald Reagan, partly because Reagan had campaigned for renewal of relations with Taiwan. The Chinese reaction to Reagan's comments was to renew talk of reunification. Since he became president, however, Reagan has tried to avoid talk of a "two-China policy" and has been less pro-Taiwan than expected. Pro-Taiwan lawmakers in Congress have been putting pressure on the president to improve relations with Taiwan. Two prominent lawmakers, Senators Claiborne Pell (D-R.I.) and John Glenn (D-Ohio), introduced a resolution in the Senate in 1983 calling for a settlement of Taiwan's future that would be "acceptable to the people of Taiwan." The *People's Daily*, the newspaper of the Chinese Communist party, called the resolution "crude interference in China's internal affairs."

Arms Sales to Taiwan—Relations have been particularly strained over the issue of arms sales to Taiwan. Taiwan wants to buy new army equipment and advanced fighter planes from the United States in order to modernize its military. PRC leaders claim their 1979 promise to seek peaceful reunification with Taiwan rather than military liberation eliminates the need for increased Taiwanese military strength.

In August 1982 the PRC and the United States signed a communique governing both countries' relations with Taiwan. China renewed its pledge to seek reunification with Taiwan only through peaceful means, and the United States promised to gradually reduce arms sales to Taiwan. Diplomats called the communique a "gem" of diplomatic ambiguity. The wording is vague enough that either side can interpret the agreement differently. For example, the United States will be selling Taiwan $700 million in arms in 1983 and $780 million in 1984, well above 1982 sales of $598 million. The Reagan administration argues that the sales have decreased in constant 1982 dollars. The cost of purchasing the same items Taiwan bought for $598 million in 1982 would be more than $830 million in current, inflated dollars.

A U.S.- Chinese Alliance?—Mutual fear of the Soviet Union has motivated both the United States and China to establish closer ties. Since the Soviet invasion of Afghanistan, there has even been some discussion of creating a formal Sino-American military alliance. The presence of 4,750,000 Chinese troops on the Soviet south-eastern border threatens the Soviet Union. The United States could exploit this fear by providing modern arms to the Chinese troops, who are now armed with obsolete Soviet-designed weapons from the 1940s and 1950s. The Soviets would then have to commit more of their resources to facing this stronger threat. However, Americans who back Taiwan strongly oppose arming China because they fear China would only try to recapture Taiwan with military force.

The United States has unofficially offered to sell the Chinese modern weaponry. Yet Chinese leaders are reluctant to accept the American offer. Buying the weapons from the United States would make the Chinese military partially reliant upon the United States for weapons. One reason China's forces are obsolete is that China depended on Soviet assistance during the 1950s. The Chinese would like to co-produce weapons with U.S. manufacturers. In addition, the Chinese want the most advanced U.S. weapons, weapons American military



The People's Republic of China (PRC) and Its People
Population: 1,008,175,288 (1982 official census)
Size: 3,691,521 square miles
Capital: Beijing (Peking)
Ethnic Groups: Han Chinese (94%), Mongols, Koreans, Turks
Religion: Confucianism, Buddhism, Taoism
Language: Mandarin Chinese
Literacy: 75%
Per Capita Income: $566

The Republic of China (Taiwan) and Its People
Population: 18,200,000 (1981 est.)
Size: 13,592 square miles
Capital: Taipei
Ethnic Groups: Han Chinese (98%)
Religion: Buddhism, Taoism, Confucianism
Language: Mandarin Chinese
Literacy: 82%
Per Capita Income: $1,300

leaders are reluctant to hand to a communist nation with 4.2 million soldiers at arms.

The possibility of a U.S.-China alliance has become increasingly slim because of the souring of relations over the Taiwan issue and because of an apparent improvement in relations between the Soviets and the Chinese. Soviet and Chinese leaders have been holding talks to settle differences over their common border and to reestablish trade. Chinese leaders say there are still some major differences that will limit the friendship the two countries could ever have. The Chinese have therefore tried to steer a diplomatic course between the Soviet Union and the United States. Diplomats expect the Chinese to oppose American interests in the Middle East, Africa, and Central America and to side with Washington against Soviet actions in Afghanistan and Cambodia.

The China Market—Since Marco Polo's famous expedition to China in the 13th century, the Western World has been fascinated by the idea of trading with the Chinese. The prospect of vast markets in the world's most populous country is no less intriguing in the 20th century.

From 1979 to 1980 American exports to China doubled, and China surpassed the Soviet Union as our largest communist market. Almost half our $3.6 billion in exports to China consists of food and live animals. The Chinese also buy millions of dollars' worth of petroleum mining and drilling equipment and modern industrial machinery. Our imports from China amount to $1.9 billion and consist mostly of clothing and textiles, oil products, and such important minerals and metals as tin and tungsten. Despite the rising volume of trade, there is some debate as to what and how much we should trade. American businesses see China as a great potential market but also as one that involves some risk. An increased Western presence in China could provoke another cultural revolution, and nationalization or expulsion of Western businesses. Another concern is that the Chinese market may prove unstable. Chinese orders for American goods already seem to be more than the Chinese can afford. American corporations must decide whether the investment risks outweigh the potential benefits. Many think they do. Coca Cola has been marketing its soft drinks in China for two years, and in 1983 American Motors agreed to co-produce four-wheel drive vehicles in China with a Chinese auto maker. U.S. oil companies may also tap the Chinese market in 1984 to help China exploit its off-shore oil reserves.

Trouble in Sino-American trade relations, however, erupted in early 1983 with a bitter feud over Chinese textile exports. First the United States curbed the import of Chinese textiles in order to help support the American textile industry. Then Beijing requested an increase in textile exports to the United States of 6 percent per annum. The administration, however, placed the limit at 1.25 percent per annum. When negotiations for a compromise failed, the Chinese retaliated by suspending their purchase of three major American exports—cotton, chemical fibers, and soybeans—and by warning that purchases of other farm products might also be cut.

OUTLOOK

The president faces a dilemma. China could be a valuable ally against the Soviet Union. Also, China would be an excellent trading partner. In many ways it is in America's interest to forge even better relations with the Beijing government. However, many of Ronald Reagan's supporters strongly support Taiwan and remember Reagan's campaign promises for a more pro-Taiwan policy. If the president satisfies Taiwanese demands for new fighters or closer relations, he may alienate the communist Chinese. If he tries to improve relations with mainland China, he will almost certainly invite the wrath of conservatives and the Taiwan lobby. Yet if he follows the middle ground, he may antagonize both sides.

THE DEBATE

China

Should We Improve Relations with the PRC at Taiwan's Expense?

PRO	*CON*
● It is wrong to say we are deserting Taiwan by improving relations with the PRC. Taiwan will continue to be an important trading partner. However, we must recognize the importance of maintaining close political, diplomatic, and possibly military relations with the world's most populous country.	● Taiwan has been a loyal American ally and an important trading partner for thirty-four years. It is morally wrong and politically unwise to desert her. Ever since the Vietnam War, the U.S. world image has been one of weakness.

Should We Expand Trade with the PRC?

PRO	*CON*
● With one billion people, the People's Republic of China is a vast market for American industrial and agricultural exports. Trade with the PRC can give a needed boost to our economy. Japan and European countries have already signed billions of dollars' worth of contracts with the Chinese. We should, too.	● We should be cautious about investing American dollars in the People's Republic of China. Poor countries like the PRC are often politically unstable, making for bad business conditions. The worst possible outcome of increasing trade with China would occur if the Chinese bought our most sophisticated computers, applied that technology to their weapons, and then threatened the United States or our allies.

Should We Continue to Sell Arms to Taiwan?

PRO	*CON*
● We made commitments to defend Taiwan and to help the Taiwanese defend themselves a long time ago. We must stand by our promises. Taiwan clearly poses no threat to the PRC. The Taiwanese weapons need to be modernized. U.S. arms sales to Taiwan demonstrate that we haven't completely abandoned our former ally.	● Establishing good relations with the PRC is far more important than selling fighter planes to Taiwan. It is unlikely that China will attempt a military invasion of Taiwan; Taiwan, therefore, doesn't need the weapons. Furthermore, selling weapons to Taiwan, an island the PRC claims as part of its territory, is similar to a major power's arming anti-American forces in Puerto Rico.

Should We Help Modernize the Armed Forces of Mainland China?

PRO	*CON*
● Even though we are not formally allied with China, we should nevertheless help modernize its armed forces. China's huge army and strategic nuclear forces pose a significant threat to the southern and eastern borders of the Soviet Union. If China's aging arsenal could be updated with more modern weapons, the Soviet Union would have to divert even more of its military strength from its European border than it currently does.	● Modernizing China's military in order to divert Soviet forces is a good idea in theory, but how do we know the Chinese won't someday use their new weapons against us? Leaders of the PRC have shown little interest in merely receiving our weapons. They want our weapons technology as well, so they can produce modern weapons on their own. That suggests that the Chinese do not intend to have a long-term friendship with us.

The Arab-Israeli Conflict

Since the creation of the state of Israel thirty-five years ago, six wars among Israel and its Arab neighbors and countless smaller battles have rocked the Middle East, most recently Lebanon. On one level, these have been religious wars—Jews against Moslems. On another level, two nationalistic groups, the Israelis and the Palestinians, have been fighting to establish and maintain their national homelands on the same narrow strip of land. And the wars have been fought on even more emotional levels, with revenge, national pride, paranoia, and racial hatred used to justify throwing a grenade, machine gunning a schoolyard, or bombing a village.

The United States has much at stake in the Middle East. Traditionally, Americans have felt morally obligated to defend the right of Jews to their own national homeland, especially in light of their massive displacement and wholesale slaughter in World War II. The United States has supplied large amounts of economic and military aid to Israel. The Israelis, in turn, have been very supportive of the United States, consistently voting on the side of the United States in the United Nations and sharing important military intelligence. But Americans have also become increasingly sensitive to Palestinian claims to territory now occupied by Israel, and American business and military leaders have urged closer relations with most Arab governments for economic and strategic reasons. It is in America's interest to maintain a balance between Israel and the Arab states. However, no one is sure any equilibrium can be reached.

KEY QUESTIONS:

- Should the United States back the creation of a Palestinian state?
- Should the United States continue to supply Israel and its enemies with sophisticated arms?
- Should the United States cultivate closer relationships with Arab governments at the expense of Israel?
- Should Israel be forced to give up the West Bank and Gaza?

BACKGROUND: The Major Actors in the Middle East Crisis

Israel—Israel was formed from part of the British colony of Palestine, an area now comprised of Jordan, Israel, and Israeli-occupied territories on the west bank of the Jordan River (the West Bank). Modern Israel grew out of the Zionist political movement, founded in 1897 to establish a Jewish national homeland free from anti-Jewish persecution. Twenty years later in the Balfour Declaration, the British government agreed in principle to the establishment of a Jewish homeland. In the years that followed, Jews immigrated to Palestine from all over the world, joining Jews who had lived in Palestine for centuries. Despite British attempts to stem Jewish immigration, the holocaust—the attempted extermination of the Jewish people by the Nazis—increased immigration during the 1930s and 1940s. In 1947 the United Nations Partition Plan proposed that two states—one Arab and one Jewish—be established on the section of Palestine west of the Jordan River. On May 14, 1948, the Jewish state of Israel declared its independence.

Egypt—The modern Egyptian nation was established in 1953, when King Farouk was overthrown and the Republic of Egypt proclaimed. The key figure in the coup was Colonel Gamal Abdel Nasser, who became president and remained in power until his death in 1970. After Nasser's death, Anwar el-Sadat became president. Sadat drastically altered Egypt's course. He severed relations with the Soviet Union and became the first Arab leader to negotiate peace with Israel. In October 1981 a team of Moslem fanatics assassinated Sadat at a military parade commemorating the 1973 war. Sadat was replaced by Vice President Hosni Mubarak.

Jordan—In 1921 Britain established the autonomous region of Transjordan from the eastern two-thirds of its Palestinian Mandate. In 1946 Transjordan became an independent Arab kingdom. Three years later Transjordan annexed much of the area on the West Bank that Britain and the United Nations had intended to be an independent Arab state in Palestine. Transjordan then renamed itself Jordan. For decades conflict persisted between the Palestinians and the ruling Hashmeites, culminating in a bloody civil war and the removal of the Palestine Liberation Organization from Jordan in 1970. Since 1952 Jordan has been ruled by King Hussein, who has generally steered a moderate course between the United States and the Soviet Union. King Hussein has also tried to follow the middle path between radical and more conservative Arab states. As a result, he has been reluctant to negotiate with Israel for fear that he will isolate his country from the rest of the Arab community.

Syria—The French controlled Syria from World War I until its independence in 1946. In 1957 Syria united with Egypt, forming a single country called the United Arab Republic (UAR). However, Egypt quickly became dominant, governing Syria as if it were a province, and in 1961 Syria withdrew from the UAR. During the next decade Syria's government was highly unstable, until General Hafez al-Assad came to power in 1970. Assad, who is still president today, maintains close ties with the Soviet Union.

Lebanon—Lebanon, a French colony until 1945, has an unusual population mix—about 60 percent Moslem and 40 percent Christian. This mixed population has made Lebanon more pro-Western and less anti-Israel than many of its neighbors. But in the early 1970s the PLO moved its base to Lebanon. Its move into Lebanon provoked a civil war among Lebanese Christians, native Moslem factions, the PLO, and Syrian "peacekeeping forces." Even before the 1982 Israeli invasion much of the capital city of Beirut—once a world showcase—lay in ruins and the nation's economy was virtually shattered. Once the Syrian, PLO, and Israeli troops withdraw, the Lebanese may have a chance to reunite and rebuild their country. However, fighting between local militias could continue to plague Lebanon as it has for many years.

Saudi Arabia—Occupying most of the Arabian peninsula, Saudi Arabia is the largest Arab country in the Middle East. The key figure in recent Saudi history was King Ibn Saud, who united the diverse tribes into a nation and ruled from 1932 through 1953. The nation's importance today rests on its status as the world's third largest oil producer and the largest oil exporter. The Reagan administration considers Saudi Arabia a good friend and a moderating force in the area, and for these reasons supported the sale of advanced military hardware to the country. But Saudi Arabia has opposed strenuously U.S. efforts to establish bases in the Middle East and has taken tough stands against Israel—two policies at odds with the Reagan peace plan proposal.

The Palestinians—The Palestinians are a people without a national homeland. In 1921, the British gave two-thirds of Palestine to a non-Palestinian, Arab king. This land is now the kingdom of Jordan. When the western third of Palestine was partitioned after World War II, areas that were supposed to form a separate Palestinian Arab state were instead absorbed by Egypt and Israel and annexed by Jordan. The Palestinians were left without a country.

The Palestine Liberation Organization (PLO) was founded to lead the struggle for a Palestinian state. Its methods have included both terrorism and diplomacy. In 1975 the United Nations granted the PLO observer status. However, the United States has refused to recognize the PLO until it renounces its charter, which calls for the destruction of Israel, and recognizes Israel's right to exist within secure borders. The PLO refuses to recognize Israel until the Palestinians have a state of their own.

BACKGROUND: The Arab-Israeli Conflict

Israel's War of Independence (1948)—In December 1947, immediately after the United Nations had approved a partition plan dividing Palestine into Jewish and Arab sectors, civil war broke out between Arabs and Jews. On May 15, 1948, as Jewish settlers proclaimed the establishment of the state of Israel, regular army forces of Egypt, Transjordan, Syria, Lebanon, and Iraq crossed into Palestine and turned the civil war into an international war. Eventually a ceasefire was reached, and the ceasefire lines became Israel's tentative border. The western half of Jerusalem, which remained in Israeli hands, was declared Israel's capital.

The Sinai Campaign (1956)—In 1956 war broke out again when Israel invaded the Sinai as part of a joint French-British operation to regain control of the Suez Canal from Egypt. Although French and British troops failed to meet their objectives, Israel captured the entire Sinai peninsula. President Eisenhower, seeking to disassociate the United States from its allies' actions, condemned France and Great Britain, and ordered Israel to pull back.

The Six Day War (1967)—On June 6, 1967, alarmed by the Egyptian closure of the Straits of Tiran, the mobilization of the Egyptian army, and General Nasser's order for the withdrawal of UN peacekeeping troops, Israel destroyed most of Egypt's air force in a surprise attack and defeated Egypt, Syria, Jordan, and their allies in the "Six Day War." Israel captured the Sinai Peninsula and the Gaza Strip from Egypt, the West Bank and the eastern half of Jerusalem from Jordan, and the Golan Heights from Syria. Israel declared it would maintain control of all but one of these territories until total peace was negotiated. The only territory not open for negotiation was the now reunified city of Jerusalem.

The War of Attrition (1968-69)—From 1968 through 1969, Egypt and Israel fought a "War of Attrition" with artillery and airplanes. More people were killed in this undeclared war than in the Six Day War.

The Yom Kippur War (1973)—Determined to regain land Israel had captured in 1967, Syria and Egypt attacked Israel on the Jewish holy day of Yom Kippur in October 1973. Although Israel successfully drove back Syrian and Egyptian troops and crossed the Suez Canal, the war was a political defeat for Israel. Oil-rich Arab nations refused to sell oil to any nation helping Israel. The use of oil as a weapon helped isolate Israel from the world community.

UN Resolutions 242 and 338—After the Six Day War the United Nations adopted Security Council Resolution 242, which established the principles for a Middle East settlement. A second resolution, labeled 338 and passed after the 1973 war, required that the guidelines of Resolution 242 be implemented through negotiations.

Resolution 242 called for the withdrawal of Israeli troops from territories occupied in the Six Day War and the termination of all declarations of war. In addition, all nations involved in the dispute were required to acknowledge their respect for "the sovereignty, territorial integrity, and political independence of every state in the area and their right to live in peace within secure and recognized boundaries free from threats or acts of force." The resolution also affirmed the right to free navigation through international waterways (i.e., the Suez Canal and the Straits of Tiran) and called for a "just settlement of the refugee problem."

Supposedly, Resolutions 242 and 338 compromise the mutually accepted basis for peace in the Middle East. However, since the resolution resulted from compromise, much of the language is vague and therefore subject to differing interpretations. The differences in interpretation and the atmosphere of mutual mistrust, especially between Israel and its neighbors Syria and Jordan, have limited the usefulness of the resolutions.

Sadat Goes to Israel (1977)—On November 19, 1977, President Anwar el-Sadat of Egypt became the first Arab leader to visit Israel. It was a major step in overcoming the psychological barriers of fear, hatred, and suspicion between the Israeli and Egyptian peoples. However, the rest of the Arab world condemned Sadat for compromising the Arab position. American efforts to convince Jordan, Saudi Arabia, and others to cooperate were unsuccessful. By the summer of 1978, negotiations had stalled, and there were fears that Sadat's peace effort would be wasted.

Camp David Accords (1978)—After twelve days of negotiations at the Camp David presidential retreat, President Carter announced that Egyptian President Sadat and Israeli Prime Minister Menachem Begin had agreed on a "framework for peace in the Middle East." On March 16, 1979, two treaties were signed:

Egyptian-Israeli Peace Treaty—This treaty ended the thirty-one-year state of war between Israel and Egypt, establishing diplomatic relations, trade, tourism, and other exchanges between the two countries. It also returned the Sinai Peninsula to Egypt in stages—the final stage being completed in 1982—and opened the Suez Canal to Israeli use.

Framework for a Comprehensive Settlement—Much less specific, the second treaty was more a pledge to continue negotiations than an actual agreement. Egypt and Israel agreed to a timetable for settling the Palestinian issue, but due to the difficulties of the Palestinian situation, the deadlines have not been met.

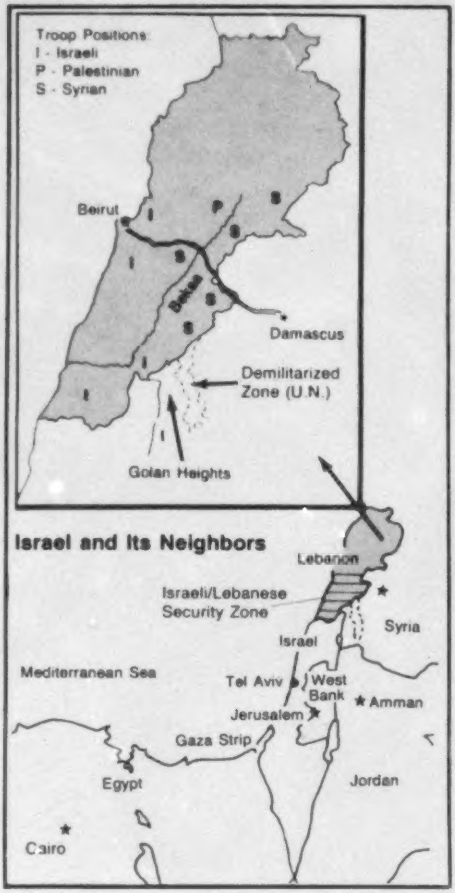
The Golan Heights Annexation—In December 1981 Israel's parliament voted to annex the Golan Heights, which had been taken from Syria during the Six Day War. The Israelis were determined never to return the Heights, from where Syrian guns had once shelled Israeli villages, especially in light of Syrian President Assad's remarks that Syria would never negotiate peace with Israel. The United States immediately expressed its disapproval, voting for a UN resolution nullifying the annexation and suspending a mutual security agreement with Israel.

Lebanon: The Sixth War—In June 1982 Israel crossed the Lebanese border apparently to drive the PLO and their cannons out of southern Lebanon and out of range of Israeli villages. After the Israeli forces had achieved that objective, however, Israel announced a more ambitious goal—the complete removal of PLO and Syrian forces from Lebanon. If Israeli troops could drive the PLO and Syria from Lebanon, argued Israel, Lebanon could rebuild itself and live in peace.

Although Israel did drive the PLO out of Beirut and the southern half of Lebanon, the invasion created many problems for Israel. First, Israel's invasion was universally condemned, even by many Israelis. Unlike its motives in previous wars, Israel invaded Lebanon to achieve political objectives (the elimination of the PLO as a military or political power) rather than to defend itself against attack. Second, Israel suffered many more casualties than its leaders had foreseen. Because Israel is a small country, even a few hundred casualties are politically and militarily unacceptable. Third, Israel appeared to be trapped in Lebanon without an honorable way to leave. Israel maintained it would not leave until all other foreign troops, notably the PLO and the Syrians, had left and until it had assurances that southern Lebanon would not become a base for anti-Israel forces. The Syrians, however, said the Israelis would have to leave first. Israel also wanted a peace treaty drafted to establish diplomatic relations with Lebanon, but the Lebanese refused to sign an agreement at "gunpoint," so Israel dropped the demand.

CURRENT ISSUES:

Peace in Lebanon?—In early May 1983 Secretary of State George Shultz successfully negotiated an agreement for the withdrawal of Israel's thirty thousand troops in Lebanon. By the terms of the agreement, Israel's soldiers would


Troop Positions
I - Israeli
P - Palestinian
S - Syrian
Beirut
I
P
S
Bekaa
Damascus
Demilitarized Zone (U.N.)
Golan Heights
Israel and Its Neighbors
Lebanon
Israeli/Lebanese Security Zone
Syria
Israel
Mediterranean Sea
Tel Aviv
West Bank
Amman
Jerusalem
Gaza Strip
Egypt
Jordan
Cairo

not have to leave unless Syria's forty thousand troops and the PLO's eight thousand soldiers left simultaneously. The Syrians, who were the last to agree to a cease-fire with Israel after the 1973 war, rejected the Lebanese-Israeli agreement, ruling out the possibility of an early withdrawal of all foreign forces from Lebanon.

The Syrians objected to every point of the Israeli-Lebanese agreement. In addition to a simultaneous withdrawl of Israeli, PLO, and Syrian troops from Lebanon, the agreement also called for an end to Lebanon's state of war with Israel; the formation of eight Lebanese-commanded joint supervisory teams in southern Lebanon, with eleven Lebanese and eleven Israelis on each team; the appointment of Lebanese Major Saad Haddad, a strong Israeli ally, as deputy commander of the southern Lebanese force in charge of antiterrorist intelligence; and an agreement between Lebanon and Israel to begin negotiations for normalizing their relations.

Future of the Palestinians—According to many experts, the main obstacle to peace is the plight of the 1.8 million Palestinians living in Israeli-occupied territory. Diplomats and scholars have wrestled with possible solutions. Their suggestions have included the creation of an independent Palestinian state; the creation of a federation, in which the West Bank would be returned to Jordan and the Palestinians would be allowed to participate in the Jordanian political system; and the creation of a limited autonomy by which Palestinians would be granted some self-government but Israeli military occupation would be maintained.

The PLO has favored the creation of an independent Palestinian state. But some PLO leaders have said they would refuse to accept statehood if that meant relinquishing their claim to the remainder of Palestine. Westerners support the idea of a federation because they believe the land of the West Bank is not economically or geographically suited to be independent. Israelis favor the third option because it would permit Jews to live in the West Bank and Palestinians to work in Israel. It would also prevent a Palestinian state from launching attacks against Israel.

The Reagan Peace Proposal—In September 1982 President Reagan issued a new peace plan for the Middle East that included the following main points:

- No independent Palestinian state would be formed.
- The Israelis would not annex the occupied territories.
- The Palestinians on the West Bank would eventually gain self-rule in a federation with Jordan.
- There would be an immediate freeze on new Israeli settlements on the West Bank and the Gaza Strip.
- Jerusalem would be undivided, and the city's future would be determined by negotiations.
- America would reassert its strong commitment to Israel's security.

Although the plan tried to satisfy major demands of both sides, both the Arabs and Israelis rejected it. Israel rejected the plan's implication that anyone could live on the West Bank except Jews. Israeli Prime Minister Menachem Begin has frequently reminded the world that, in Biblical times, the West Bank included the Jewish territories of Judea and Sammaria. The PLO rejected the peace proposal because it ignored the PLO's demand for an independent Palestinian state and because it denied the PLO's role as the sole legitimate representative of the Palestinian people. King Hussein, an essential participant if negotiations were begun, refused to join the peace talks under the Reagan plan without PLO support. In addition, he feared that any action on his own would result in his assassination and his country's political isolation from other Arab governments.

The Status of Jerusalem—Jerusalem is considered a holy city by all three major religions: Islam, Christianity, and Judaism. As a result, it presents a very difficult problem to resolve. Before the Six Day War Jerusalem was a divided city. The eastern half, including the Old City, was annexed by Jordan in 1949. Israel made the western half its capital in 1949. When Jerusalem was united after the Six Day War, Israel declared the entire city to be its capital. Since 1949 the United States has believed that Jerusalem should be a unified but independent city.

Settlements in the West Bank and Gaza—The creation of new Israeli settlements in these occupied territories has been a major point of controversy, even in Israel. The pro-settlement position is based on an interpretation of the Bible as well as on security considerations. The opposition argues that these settlements are illegal and that they obstruct progress in the peace talks. The Carter administration pressured Israel to stop creating new settlements. During his campaign, President Reagan said he did not consider these settlements illegal, but he nevertheless has urged a freeze on new Israeli settlements to aid the peace process.

American Arms Sales—The United States has sold or given billions of dollars worth of advanced military equipment to Israel and other Middle Eastern states. Each arms sales agreement has included provisions that the American-built weapons would only be used for defensive purposes and that no weapon would be transferred to a third government without the permission of the United States. Israel's war in Lebanon and its 1981 bombing of an Iraqi nuclear reactor drew charges that Israel was using American-made weapons for illegal offensive purposes. For this reason many U.S. congressmen have argued for a halt in arms sales. Israel, however, considers both attacks to have been defensive reactions, attributing one to PLO terrorist attacks and the other to the threat of Iraq's building a nuclear weapon to use against Israel.

Israel also protested the U.S. sale of advanced weapons to Arab countries. In 1981 Israel opposed the sale of AWACS radar and air control planes to Saudi Arabia, fearing that the airplanes would be used against Israel in a war. The Israelis have accused the Saudis of violating arms sales conditions by forwarding American equipment to their allies. During the war in Lebanon, the Israelis captured several crates of U.S.-made weapons that had been sent to the Saudis and then routed to the PLO.

The Reagan administration maintains that arms sales are an essential aspect of its Middle East policy. Egypt, it is argued, would not have signed a peace treaty with Israel without the assurance of American military assistance. Also, the United States believes the arming of Middle Eastern states with advanced weapons is necessary to counter the perceived Soviet threat to the region. Critics of the Reagan policies feel the Soviet threat is overstated and argue that selling arms to both sides of the Arab-Israel conflict only fuels the Middle East fire.

U.S. Relations with Arab Nations—Senior officials in the U.S. Department of Defense have hinted at U.S. efforts to "redirect" military policy in the Middle East away from Israel and toward the Arabs. Although not advocating total abandonment of Israel, these officials feel we need to cultivate closer relations with Arab states, especially Saudi Arabia, for economic and strategic reasons. Before entering office, Secretary of State George Shultz echoed this call for closer relations with Arab states.

Since the invasion of Afghanistan and the fall of Iran, the United States has tried to establish military bases on or near the Arabian Peninsula. Most U.S. attempts to produce agreements with Arab states have failed, however. Arab leaders fear their people might interpret U.S. bases as a step toward American colonization, possibly triggering a revolution similar to the one in Iran. Arab leaders also fear that the U.S. presence would invite Soviet activities in the area and that they would get caught in the middle.

OUTLOOK

Ever since the Camp David accord was signed, there has been great hope that a permanent solution to the Arab-Israeli conflict could be found. It appears that such optimism was unwarranted. The major obstacle to peace is that both the Israelis and the Arabs have legitimate claims to live in and rule the same slice of land the size of Delaware. Even if the Palestinians and Israelis agreed to divide the land between them, the issue of who would rule Jerusalem would still prevent an agreement from being signed. The Reagan Peace Plan was an interesting attempt to steer between the positions of both sides. But, like other American peace attempts, this one underestimated the distance separating the two sides.

THE DEBATE

The Arab-Israeli Conflict

Should America Support an Independent Palestinian State?

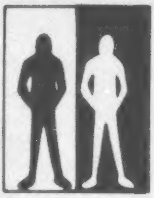
PRO	*CON*
● The United Nations originally divided Palestine into two sections: Arab and Jewish. The Jews have their state in Palestine; the Arabs should have one, too.	● There are twenty-two Arab states in the Middle East, including one that comprises more than 70 percent of ancient Palestine and Jordan. There is only one Jewish state. Israel does not need another country on its borders intent on its destruction.

Should the United States Insist That Israel Return the Occupied Territories?

PRO	*CON*
● No nation has the right to obtain territory through war. Israel should be treated like other nations that have violated this precept, such as North Korea and Turkey, and be forced to return the land, militarily if necessary.	● Israel's case is different because it is surrounded by nations that have called for its destruction since its inception. Syria shelled Israeli villages from the Golan Heights, and twice Jordan launched invasions from the West Bank. Until Israel's neighbors are willing to negotiate peace, as Egypt did, Israel has every right to keep the land as a strategic buffer zone.

Should the United States Sell Weapons to Israel and Its Enemies?

PRO	*CON*
● The United States has many interests in the Middle East that are served by selling arms there. We sell arms to Israel because of our commitment to its security. Selling sophisticated arms to Arab states does not mean we intend them to be used against Israel. Those weapons would be used to repel a Soviet attack on oil wells in the Persian Gulf region. Furthermore, arms sales and grants in the Middle East have enhanced American influence while decreasing Soviet influence in the region. Arms grants and sales are also important diplomatic tools. Israel and Egypt would never have agreed to sign the peace treaty without an American promise to modernize their armed forces.	● We should recognize that arms sales have not been a good diplomatic tool. We've sold millions of dollars of arms to the Saudis yet they rarely support our policies. We've sold the Jordanians tanks and anti-aircraft missiles yet they won't agree to negotiate with Israel. In the end, the presence of American weapons in the Middle East has hurt America's standing. The sight of American-built airplanes dropping American-built bombs in Lebanon gave many people around the world the impression that the United States is as responsibile as the Israelis for the bloodshed in Lebanon.



South Africa and Namibia

Few countries present more of a problem to U.S. foreign policy than do South Africa and Namibia. South Africa is a nation where a white minority rules, blacks have few political rights, and separation between blacks and whites is not just a social order but the law. This policy has been condemned by the United Nations and by almost every nation in the world, including the United States. South Africa's racial policies and its domination of Namibia (called South-West Africa by the South African government), which is in violation of several United Nations resolutions, have made South Africa something of an international outcast. The nation has been banned from such international athletic events as the Olympics and from many international organizations. In addition, many countries do not allow their citizens to do business in South Africa or with South African businesses or government organizations. Only thirty-four nations still maintain diplomatic relations with the South African government.

The United States, however, still maintains normal relations with South Africa and permits trade between the two nations, although the United States officially disapproves of South Africa's racial policies and its role in Namibia. The United States has not followed the lead of the Third World in breaking relations with South Africa or in boycotting its products for a variety of reasons. First, South Africa is a staunch foe of the Soviet Union in an area of the world where the United States needs a friend. Because virtually all Mideast oil destined for the United States is shipped around the southern tip of Africa, South Africa occupies a very strategic position.

In addition, the United States depends on South Africa for much of its chromium and manganese, rare metals crucial to our economy and to the production of many military weapons. Furthermore, many American companies operate in South Africa and have extensive investments there. Together, these factors add up to a strong U.S. interest in the political stability of South Africa.

Most Americans sympathize with forces for change in the region and support equal voting rights for blacks in South Africa and Namibia. But some Americans fear that rapid change might lead to chaos and might allow the Soviet Union to expand its influence, chiefly in Namibia. For this reason the United States has been hesitant to support SWAPO, the Marxist-oriented organization pushing for change in Namibia. However, many African specialists believe America is on the wrong side of this issue. Eventually, these specialists argue, blacks will rule Namibia and possibly South Africa, and they will remember that the United States was not as supportive of their cause as was the Soviet Union.

KEY QUESTIONS:

- How strongly should we push for change in South Africa?
- Should American businesses operate in South Africa?
- How significant is the Soviet threat to U.S. interests in the region?
- Should we support SWAPO in its bid for Namibian independence despite the organization's Marxist leanings?

BACKGROUND: Republic of South Africa

European Settlement—Before the arrival of the Europeans, Khoikhoi shepherds and San hunters (known as Hottentots and Bushmen to the whites) occupied the southern portion of what is now South Africa. There the first permanent European settlement, Capetown, was established in 1652 by the Dutch East India Company. The Dutch, German, and French Huguenot settlers who immigrated to this area became known as Afrikaners. Over time they developed their own economy, culture, and language (Afrikaans).

In 1806 Britain annexed the Cape colony to its growing empire and began encouraging English men and women to settle in the area. As the English numbers increased, many Afrikaners, resentful of the English presence on the Cape and feeling crowded out, began to move north and east. The Great Trek, as this movement became known, brought Afrikaners into conflict with two African groups, the Nguni and the Zulu. Black tribes from Central Africa migrated south to today's South Africa at approximately the same time as the first whites were arriving at the Cape of Good Hope. Some South African whites contend that they have more of a right to rule over the area because whites had settled the region before the black tribes arrived.

Afrikaners were in constant conflict with the British and the Africans throughout the 19th and early 20th centuries. The most notable conflicts were the two Boer Wars, fought in the 1890s, which pitted Afrikaner boers (farmers) against the British. The Afrikaners lost, and the British stayed in control until 1948, when the Afrikaner Nationalist party won election. This party has remained in power ever since.

Apartheid—The history of racial discrimination in South Africa predates the Afrikaner victory of 1948. But not until 1948 was the system of "apartheid" instituted. Translated from Afrikaans, apartheid means "separateness." It refers to the South African government's policy of total segregation of the races.

The government claims apartheid allows different races to preserve their cultures and heritages through separate development. Critics, however, contend that apartheid perpetuates extreme inequality for Asian, Coloured (the official name for racially mixed individuals), and African people. In 1975 the average income of whites was 18 times that of Africans. The infant mortality rate was 18.4 deaths per 1,000 white babies and 200-450 deaths per 1,000 black babies. Blacks are denied most political rights. They must carry identification papers called passbooks or face arrest. They lack the guarantees to a fair trial and to protection against arbitrary arrest and police brutality that whites enjoy. Restrooms, restaurants, public transportation facilities, and housing are generally segregated.

The government claims it has made some reforms. Some examples: Local communities can integrate a beach or a public toilet, racially mixed couples can live together, and an "international" hotel or restaurant can serve blacks. Critics of these reforms argue that the government has still given whites the power to veto the integration of beaches and toilets in their community and the right to object to a racially mixed couple's living in their neighborhood.

Furthermore, the reforms have not changed the fact that blacks still cannot vote or move freely about the country, that their right to own property is very limited, that their taxes are higher than those of whites, and that they have far fewer educational opportunities than whites. There has been genuine progress in labor relations, however. The white government has recognized black unions and has eliminated limitations on black employment in blue-collar fields. Black unions have also worked out new wage contracts that gave their 250,000 members a 40 percent boost in real income. But it cannot be said that these are government-initiated reforms; the government simply agreed to the reforms after more than five hundred strikes and hundreds of arrests.

Homelands Policy—South Africa has tried to mute criticism of its racial policies by promoting "self-rule" for Africans living within its borders. The government has established ten "homelands" for the major tribes scattered within its borders on land situated, for the most part, in sparsely populated regions. Millions of Africans have been resettled in the homelands, often removed from villages where they had been relatively self-sufficient. The government has urged tribal governments to prepare for self-rule of their homelands and has encouraged them to declare their independence. So far, only four of the ethnic homelands have declared independence: Transkei, Ciskei, Venda, and Bophuthatswana.

South Africa's homelands policy has been sharply criticized. A general criticism is that the policy is meant to reduce the number of blacks in proportion to whites in white-controlled South Africa. As a result, critics argue, the white minority government will have an easier time managing the few blacks who remain. When resettlement is complete, the government expects "white" South Africa to be only two-thirds black (it is now 85 percent black). The South African-based white humanitarian group Black Sash estimates that to accomplish this, the government will force up to 500,000 blacks a year to move. Civil rights groups charge that the government has used the homelands policy as an excuse to strip remaining South African blacks of their citizenship on the grounds that they are citizens of their homeland.

The South African government, however, says the homelands represent yet another step toward improved inter-race relations. The government argues that the homelands are no different from Indian reservations in the United States, and suggests that Africans will have a better opportunity to preserve their tribal cultures in the homelands than in the cities of South Africa. Furthermore, the government argues that blacks living in the homelands will have a much greater opportunity to develop democratic institutions and have full voting rights than Africans in neighboring black-ruled states.

Critics of the homelands policy paint a much more dismal picture for the majority of blacks who are resettled in the homelands. Most of the land set aside for the homelands is unsuitable for either farming or grazing animals. Furthermore, the areas have little, if any, industry or mineral resources. As a result, unemployment in the homelands is high. Government statistics show that only one-seventh of the blacks living in the homelands are "economically active." Although some blacks may work in South Africa, migrant workers may not bring their families, and they are not allowed to work for longer than a year, except under certain circumstances. To solve the problem, the South African government is spending $1.3 billion a year to urge South African industry to build plants nearby. Critics say the results of these programs have been minimal. In the Ciskei homeland, for example, only 3,000 new jobs have been created in the last ten years while more than 100,000 new "citizens" have been forced to move in.

Whether the homelands are really independent is debatable. Aside from South Africa, no nation or international organization has recognized the new governments. Furthermore, the formal borders of the homelands are in question. With only a few exceptions, each homeland is actually several spots of land. The South African government has made vague promises to give up more land, which would presumably help link the separated states; however, the government has not said when it will give the homelands the land or how much it will give them.

Opposition to Apartheid—There are three main sources of opposition to apartheid in South Africa: underground and "legitimate" black organizations; liberal, English-speaking whites; and moderate Afrikaner whites.

The African National Congress—The major force of black opposition is the African National Congress (ANC), which was formed in 1912. Originally an advocate of non-violence, as inspired by Mahatma Ghandi, the ANC became increasingly militant over the years in the face of growing repression. Eventually it was outlawed, and its leaders were imprisoned or exiled. Nelson Mandela, head of the ANC, was jailed in 1962 and is still held today.

Recently the ANC has stepped up its terrorist attacks. In May 1983 a car-bomb explosion outside air force headquarters in Pretoria killed eighteen people, including eight blacks, and injured more than two hundred. Although the car-bombing was the eighty-eighth known sabotage attack by the ANC, it did more damage than all the previous attacks together. The bombing resulted in a retaliatory air raid by the South African government against what it said were ANC insurgent camps in neighboring Mozambique. The ANC claimed the attack was in retaliation for a December 1982 South African commando raid in Lesotho, which killed forty-two refugees and local citizens.

Bishop Desmond M. Tutu—Bishop Tutu, the black Anglican head of the South African Council of Churches, is the leader of the above-ground black protest movement in South Africa. He has stressed the urgent need to dismantle apartheid and to give blacks full citizenship before the conflict is resolved violently. Although the South African government has not suppressed the Bishop's activities or outlawed the South African Council of Churches, which represents most of the major Christian denominations in South Africa (except the segregated white branches of the Dutch Reformed Church), the head of the

South African security police has urged that the council be forbidden to receive money from foreign sources. In 1980, aware that Bishop Tutu was being well received by foreign audiences, the government seized his passport, forbidding him to leave the country for nine months.

White Opposition—In parliament, the ruling National party government is opposed by the leftist Progressive Federal party (PFP), which has challenged apartheid. The PFP advocates holding a national convention representing all population groups to negotiate a new constitution. The PFP's two stated goals are (1) full citizenship for all South Africans with the right to participate in all levels of government, and (2) constitutional and other safeguards against "group domination." The Progressive Federal party holds twenty-six parliamentary seats, while the ruling National party which holds 115 of the 165 seats. There is also a small segment of Afrikaners within the National party that advocates a new political order in which minority interests would be protected. Although such reformers have not issued a platform, they have suggested creating a "consociational" government, which would include separate ethnic political institutions and a joint democratic body to deal with common problems.

A New Constitution for South Africa—In May 1983 a proposed new constitution was formally introduced in parliament. The proposed constitution, which is backed by Prime Minister P.W. Botha, restructures the legislature into three chambers, one for whites, a second for Coloreds (persons of mixed race), and a third for people of Asian descent. Under the present constitution, Coloreds, Asians, and blacks are not permitted to vote or take part in the government. The new constitution would let each chamber consider matters affecting its own group independently. Matters of general concern, such as military matters or foreign affairs, would be dealt with by all three chambers. Disputes would be settled by a President's Council, consisting of twenty white, ten Colored, and five Asian members. The president would be elected by a college dominated by whites, and the office of prime minister would be abolished with his powers being transferred to the president. Blacks would have no political role under the constitution.

The proposal received the endorsement of the Colored Labor party. However, blacks and some Colored political leaders bitterly denounced the party's decision arguing that the purpose of the constitution is to split Colored-Asian-black solidarity against apartheid. The Labor party defended its decision, saying that participation in the government would give it the ability to make social changes from within. Afrikaner pro-apartheid groups, including some members of the National party, oppose the constitution, saying it would strip whites of their sovereignty.

American Strategic Interests—Most of the oil exported from the Middle East to the West is shipped around the Cape of Good Hope, which is controlled by the Republic of South Africa. Many analysts consider it vital that a government friendly to the United States remain in control of the region. In addition, the United States imports such minerals as chromium, platinum, and manganese, which are important not only for our economy but also for our military. Because these minerals are rare, loss of South Africa as a trading partner could badly hurt the United States. Another American concern is minimizing Soviet influence in southern Africa. The present South African government is strongly anti-Soviet.

U.S. Business Involvement—American corporations have almost $2.6 billion worth of investments in South Africa. American banks have outstanding loans worth another $2 billion. Whether or not Americans should be prohibited from doing business in South Africa has been a major issue (see below). As a compromise effort, most American firms have agreed to a code of conduct known as the Sullivan principles. This code calls for American businesses to voluntarily provide equal pay for equal work, integration of facilities, employee health care, and improved training and schooling for employees.

Past U.S. Policy—Other U.S. administrations had criticized apartheid, but the Carter administration was the first to incorporate strong opposition to apartheid into its foreign policy. President Carter and UN Ambassador Andrew Young pressured the South African government to liberalize its policies.

BACKGROUND: Namibia (South-West Africa)

Early History—Namibia is the African name of an area also called South-West Africa by the South African government. It lies south of Angola and northwest of the Republic of South Africa, and has a long coastline along the Atlantic Ocean. It was first settled in the 1700s by British sailors and missionaries. In 1884 Germany took control, only to be forced out after losing World War I. In 1920 the League of Nations granted the Republic of South Africa a mandate to rule South-West Africa. When the United Nations was established in 1945, all League of Nations mandates were incorporated into UN "trusteeship agreements" drawn to speed full independence for the territories. South Africa did not join the trusteeship and demanded that Namibia be incorporated into its state. In 1948 South Africa made Namibia a defacto province by providing six seats in its parliament to represent whites in Namibia. In 1950, however, the International Court of Justice ruled that South Africa could not unilaterally change the status of Namibia and that the mandate was still in force.

End of Mandate—In the 1950s and 1960s the newly independent nations of Africa strongly objected to the rule of a black majority by a white minority in Namibia. In 1966 the United Nations voted to revoke South Africa's mandate and to foster Namibia's independence. But South Africa fought the UN ruling, claiming the United Nations does not have the authority to make such a decision.

SWAPO—South Africa continues to control Namibia, although it is officially negotiating the future independence of the territory. Para-military resistance to South Africa's control has been led by the black South-West African People's Organization (SWAPO). SWAPO is supported by the Marxist regime in neighboring Angola and may have received weapons and training from Soviet and Cuban troops stationed there. SWAPO has successfully tied up a large number of South African troops in Namibia. Occasionally, South Africa has invaded Angola and fought Cuban troops while pursuing SWAPO guerillas.

Past U.S. Policy—During the Carter administration, the United States worked with France, West Germany, Great Britain, and Canada to develop a peace plan acceptable to all parties. The critical issue has been whether SWAPO, a coalition of groups, or the pro-South African forces will rule Namibia. The Carter policy clearly leaned toward a settlement favoring SWAPO.

CURRENT ISSUES

Relations with South Africa—The Reagan administration has been much friendlier to South Africa than was the Carter administration. In place of Carter's emphasis on human rights and the forging of a new relationship with black Africa, Reagan has emphasized the importance of South Africa as an ally against Soviet and Cuban attempts to gain influence in this region. When the South African army invaded Angola in August 1981, the United States was one of the few countries not to condemn its actions. The South Africans claimed Soviet and Cuban troops were using Angola as a base for attacks against Namibia. Their capture of a Soviet advisor seemed to support this contention. Angola, however, claimed the Soviet and Cuban presence was a necessary response to South African aggression. The Reagan administration has defended its policy of improving relations with South Africa by arguing that the United States can better influence South African policy through friendly discussions. Critics of this policy argue that the administration's failure to be tough with South Africa has undone years of pressure applied by the Carter administration and has sent a message to black African states that the United States supports South Africa's racist policies.

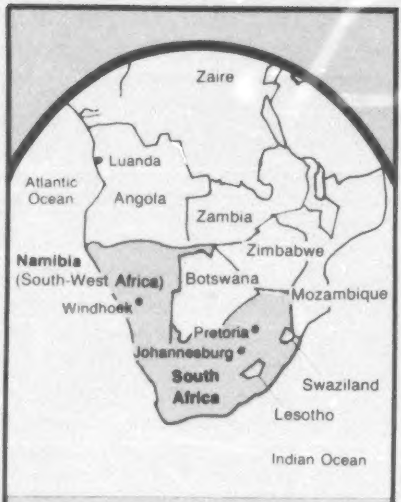
Arms Embargo—In 1977 the United Nations voted to prohibit member nations from selling military equipment to South Africa. The United States has banned military sales to South Africa since 1963. President Carter broadened the ban to include sales of all U.S. goods to the military and the police in 1978. The Reagan administration, however, has opted for a less restrictive policy, which it calls "constructive engagement." In 1982 the administration permitted sales of certain nonmilitary items to various South African agencies, including the military and the police. American opponents of South Africa have backed a proposal by Representative Howard Berman (D-Calif.) to reimpose export controls on nonmilitary sales to the South African military and police and on computer sales to South Africa. Congress is also considering legislation prohibiting nuclear exports to South Africa amidst reports that South Africa is building or has built a nuclear bomb.

Trade Embargo—Support for a total trade embargo has been building at the United Nations. U.S. Ambassador Jeane Kirkpatrick, however, has stated her opposition to such a measure. Should it come to a vote in 1984, the United States will be under tremendous pressure from such nations as Nigeria (our second leading supplier of oil) to vote in favor of an embargo.

Economic Sanctions—Congress is considering a wide assortment of bills to restrict or discourage American financial involvement in South Africa. The most significant is a proposal by Representative Steven Solarz (D-N.Y.) that would prohibit U.S. bank loans to South Africa, except those made for educational, housing, or health facilities available on a nondiscriminatory basis; outlaw the sale of South African gold coins in the United States; and set employment standards for U.S. companies operating in South Africa, making the Sullivan principles mandatory for all American companies. Another piece of legislation would increase U.S. contributions to the International Monetary Fund but would instruct the U.S. director of the IMF to vote against any future loans to South Africa.

Proponents of these restrictions argue that American economic activity in South Africa supports the existing system of apartheid. Critics of these bills argue that they would discourage American investment in South Africa, weakening that country's economy and adversely affecting the blacks who work there.

Namibia—In Namibia the key issue is whether SWAPO, the white minority, or a combination will govern. The peace negotiations, which seemed to be moving toward a settlement in 1979-1980 only to fall short, have once again shown promise. A two-phase transitional plan for Namibian independence has the support of five Western nations: the United States, Britain, France, Canada, and West Germany.



The Nation and People of South Africa
Population: 25,000,000
Size: 471,442 sq. mi.
Capital: Pretoria
Language: Afrikaans, English, Zulu, Xhosa
Racial Groups: African (73%), White (14%), Coloured (10%), Asians (3%)
Religion: Dutch Reformed, Anglican, Methodist, Roman Catholic, African Christian
Literacy: White—85%, Black—30%
Per Capita Income: White—$4,200; Black—$245

The first phase involves the South Africans' and SWAPO's agreeing on guidelines for a Namibian constitution, followed by their electing a constituent assembly that would write and then adopt a Namibian charter. It also includes provisions for a bill of rights to protect minorities (whites) and for a dual electoral system. In this system, half the seats in the assembly would be filled by proportional representation and the other half by members representing specific districts. This arrangement would make it more difficult for SWAPO to obtain the two-thirds majority in the assembly needed for constitutional changes. SWAPO opposes the dual system. South Africa seems willing to accept a modified version of the first phase.

Phase Two, viewed as much more difficult, involves arranging a cease-fire and actually setting up elections and guaranteeing impartial supervision. South Africa opposes UN involvement in the elections because the General Assembly has recognized SWAPO as the representative of Namibia's people. The five-country European negotiating team has been pushing South Africa to make more concessions.

Complicating negotiations has been the issue of the Cubans in Angola. The

Reagan administration and the South African government have insisted that Namibian independence be contingent upon the withdrawal of the 25,000 to 30,000 Cuban forces in Angola. The South Africans have stated that they will not permit a communist-influenced government on Angola's borders.

OUTLOOK

The Reagan administration is hoping for a foreign policy coup in South Africa and Namibia. The administration feels confident that Cuban forces will leave Angola and that Namibia will be granted independence from South Africa. These two events would demonstrate to black African states and to the rest of the world that the administration backs black rule in Namibia. These events would also buttress the administration's claim that toughness and resolve are the only way to check the spread of communist influence in the Third World. But it is doubtful that the African states will believe the United States sympathizes with their position against apartheid as long as the Reagan administration continues close relations with South Africa.

THE DEBATE

South Africa and Namibia

Should We Support South Africa Because It Is Anti-Soviet?

PRO

- South Africa is in an area where American interests have suffered significantly from the unwillingness of the Carter administration to stand up to the Soviet Union. There are still 25,000 Cuban troops in Angola and Namibia. It is likely that the Soviets are aiding the terrorists in South Africa. We should oppose these pro-Soviet, Marxist forces and support groups and governments friendly to the West.

CON

- This simplistic tendency to see every issue in East-West terms always gets us into trouble. The main problem in southern Africa is not the Soviet presence but the repression of black majorities by white minorities. Support for the minority government may work in the short run, but eventually the will of the peopie prevails. When that happens, it will not be in our interest to have been an ally of the old, repressive regime.

Should We Oppose SWAPO Rule in Namibia?

PRO

- There cannot be a stable peace in Namibia without the cooperation of all the countries in the region. We must maintain a working relationship with South Africa. If we support SWAPO, we will alienate the South African government, as Jimmy Carter and Andrew Young did. In addition, SWAPO is tied to the Soviet Union and Cuba. Any policies toward Namibia should involve the removal of Cuban and Soviet troops from this country and from neighboring Angola.

CON

- South Africa, not SWAPO, is the principal obstacle to a stable peace. South Africa continues to insist that Namibia's black majority be ruled by a white minority. Now that it knows it has a friend in the White House, South Africa is stalling at the negotiating table and increasing the pace of its military operations. The United States runs the risk of alienating Canada, Great Britain, France, West Germany, and all the black-ruled nations of Africa. We should support rather than resist efforts to allow the people of Namibia to choose their own government.

Should American Corporations Do Business in South Africa?

PRO

- From a strategic point of view, trade with South Africa is vital to the United States. We need many of the minerals South Africa exports. But more importantly, American businesses provide jobs for Africans and offer them equal opportunity, even if their society does not. If American businesses pulled out now, the plight of blacks in South Africa would worsen, and social tensions would rise.

CON

- The white government in South Africa is using American investment to maintain the status quo. The American presence in South Africa looks like official support for apartheid. American corporations should not conduct "business as usual" as long as racial discrimination is "business as usual" in South Africa.

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